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NEWS SUMMARY

GENERAL

Shah may leave today

The Shah's departure from Iran is expected today. He will hold what may be his last Press conference in the country this morning.

The Shah is expected to leave after the Parliamentary vote of aproval for the Government of Dr. Shahpour Bakhtiar, is complete. The Upper House has voted 38 to 1 to approve the Government and the Lower House debate looks certain to wind up today.

The Shah is expected to fly to Egypt, then Mecca, and Kerbala in Iraq, before going to Morocco and the U.S.
Back Page

Carter's choice

President Carter is nominating Leonard Woodcock, former president of the United Auto Workers Union, ot be first U.S. Ambassador to the People's Republic of China.

Mr. Carter has confirmed that he wil lsubmit the new strategic arms limitation agreement with the Soviet Union to the U.S. Senate for ratification as a full treaty.
Page 4

Ceasefire call

Seven non-aligned members of the UN Security Council formally presented a resolution calling for a ceasefire in Cambodia and the withdrawal of foreign forces.

Israel go-a

Israel has decided to ... three new settlements on the occupied West Bank and Gaza Strip, ending the "freeze" agreed at the Camp David summit in September.
Page 4

BP blames leak

The cloud of hydrogen sulphide that drifted over Central Scotland at the weekend resulted from a gas leak caused by freak weather conditions, BP said.
Page 10

Barracks attack

A Civil Guards barracks in Bilbao, Spain, was machine-gunned from a passing car, and three petrol bombs were hurled at the building. Another Civil Guard has died after a bomb blast in the Basque town of Azcoitia.

Chicago freezes

Blast of Arctic air sent the temperature in Chicago to minus 28 deg. C., the lowest ever recorded in the city. More than 2 ft. of snow is blocking the streets.

Namibia talks

Talks began in Swakopmund, Namibia, to finalise plans for UN-supervised elections in the territory. Six people were reported killed in landmine explosions in the territory.
Page 4

England slumps

England slumped to 163 all out in their first innings against Northern New South Wales, who then made 145 for five in their second innings to lead by 205 at the close.

Briefly . . .

Brazil's new Government, headed by President-elect Joao Figueiredo, will be sworn in on March 15. Page 4

Film star John Wayne, who had his stomach removed in a nine-hour operation on Friday, is sitting up, and even walking a few paces.

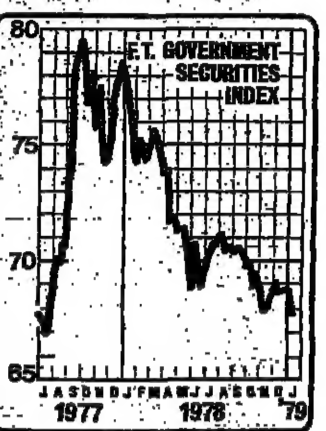
President Giscard d'Estaing begins a three-day visit to Romania on Thursday aimed at improving trade and political relations.

BUSINESS

Equities put on 8.1; Gilts easier

● EQUITIES improved in spite of the gloomy outlook for industry. Aided by last month's UK trade figures, the FT Ordinary index rose 8.1 to 482.8, its best single-day gain since November 14.

● GILTS eased and the Government Securities index closed 0.22 down at 67.87.



● STERLING lost 30 points to $1.9930 but its trade-weighted index remained unchanged at 63.3. The dollar's depreciation remained unchanged at 8.7 per cent.

● GOLD fell $1¼ to $216⅝ in London.

● WALL STREET was 4.85 up at 841.13 just before the close.

● MILAN Bourse and other Italian stock markets will be closed tomorrow and Thursday because of a two-day ... by the country's 227 stockbrokers. Back and Page 30

● RETAIL SALES in December were 2.8 per cent higher than the previous month and 5.7 per cent up on December 1977, according to Department of Trade seasonally adjusted provisional estimates. Back Page

● BRITAIN'S current account swung back into surplus in December and the turn-round means there was a slight surplus for 1978 as a whole. The December surplus was £246m following a deficit of £66m in November and left the year's figure in surplus, instead of a forecast £250m deficit. Back Page tables Page 6

● TASS, the largest white collar union in British Shipbuilders, has agreed in principle to accept a new centralised bargaining structure at the corporation. Page 7

COMPANIES

● COLSTON Group is to sell its domestic appliance division to the Merloni Group, one of the largest electrical household appliance manufacturers in Italy, for a possible £1m. The UK group's domestic appliance division had a turnover of £12m last year. Back Page

● ENGLISH PROPERTY Corporation, Britain's second largest property group, was attacked in a formal £40.4m offer document to shareholders by Wereldhave, the Netherlands' largest quoted property investment company. Page 23

● ARTHUR GUINNESS' chairman, the Earl of Iveagh, has told shareholders he is confident of a further increase in profits in the current year. Page 23

● NORFOLK CAPITAL Group maintained progress in the year to September 30 with pre-tax profits up by 60 per cent to a record £723,223 on turnover of £7.9m (£6.47m). Page 22

● RUSTENBURG PLATINUM, the world's leading platinum producer, aims to rebuild its finances in case of any future reversal in the precious metal market, which affected company results a year ago. Page 25

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		Morris & Blakey	158 + 10
Treas. 3½pc '79/81	£89½ + ⅛	Sidlaw	91 + 5
Anglia TV A	91 + 27	Sound Diffusion	81 + 6
Assoc. Book Publishers	295 + 27	Stanley (A. G.)	201 + 9
Averys	233 + 8	Status Discount	223 + 10
Baker Perkins	161 + 9	Guthrie Corp.	439 + 6
BH Prop.	825 + 35	Harmony	293 + 13
Brown (J.)	374 + 10	Kloof	516 + 16
Burton A	175 + 5	M.I.M. Hldgs.	237 + 9
Chaddesley	64 + 5	Messina	84 + 8
Distillers	208 + 4	Minorco	182 + 12
Edwards (L. C.)	39 + 5	North Broken Hill	125 + 8
Flight Refuelling	207 + 12	Rand Cons. Mines	76 + 6
Henriques (A.)	35 + 5	RTZ	259 + 9
Heron	124 + 6	Spargo Expln.	33 + 7
Homecharm	282 + 22	Tanganyika	174 + 12
LRC Intl.	37½ + 3½	**FALLS**	
Lloyds Bank	300 + 5	Treas. 12¼pc '03-05	£94 − ½
Lonrho	66 + 3	Ofrex	120 − 4
Lucas Inds.	302 + 4	Pyke (W. J.)	63 − 4
MFI Furniture	190 + 7	U.D.T.	48 − 3

Priority supplies held up as disruption grows

Lorry drivers defy efforts to curb secondary picketing

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

Government hopes that the effects of the lorry drivers' strike would be quickly reduced by the transport union's efforts to curb secondary picketing received a setback yesterday when widespread disruption was reported from many parts of the UK.

The Department of Transport said secondary picketing was continuing almost everywhere. The risk of violence breaking out was illustrated by an incident in south Wales where two pickets at an animal feed mill were slightly injured by shotgun blasts.

Priority areas such as foodstuffs and drugs are still being held up in spite of the special treatment that the union has sanctioned, and industries facing shutdowns include steel, motors and newspapers.

Mr. Alex Kitson, the senior Transport Workers' Union official co-ordinating the strike, however, claimed that almost all strike committees had agreed the union's request to allow animal feed through picket lines. But he admitted that union officials were having greater difficulty in persuading drivers to lift "secondary picketing" of own-account operators, which has had the most severe effect on industry.

He hoped the problem would be cleared up within a few days.

The Confederation of British Industry estimates that between 100,000 and 175,000 are already laid off, and forecasts that this figure will rise to 1m by the end of the week. The Government is expected to have a major review of the situation today and tomorrow when the effects of the secondary picketing are clearer.

Yesterday, Government departments were not prepared to acknowledge that extra measures may be needed. Ministers, however, were clearly worried by reports they were receiving from their eight emergency regional centres about the continued picketing.

Pickets were reported to be trying to stop lorries on motorway approaches, and some drivers said they were being forced into laybys by "flying pickets" in cars.

If there is no let-up in the situation, demands for the Government to introduce legislation to outlaw secondary picketing will continue to build up.

The South Wales shooting incident occurred in Abergavenny yesterday morning, when four strikers were picketing the Triley animal feed mill. Shot gun blasts were heard and two of the pickets were slightly injured in the face. Police were still investigating the matter last night.

Around the country steel production is gradually being cut and production is expected to drop from a scheduled 400,000 tons to 300,000 tons this week, 30,000 tons lower than last week. Tin plate production for the canning industry is being seriously hit in Wales while output of special steels in Sheffield is slowing.

The motor industry is being progressively affected and BL laid of 700 at its Bathgate truck plant yesterday. BL's Cowley and Longbridge car plants are expected to have lay-offs today and tomorrow. Rolls Royce Motors' exports are halted.

The pharmaceuticals industry was also reporting problems yesterday with the risk of a shortage of vital drugs in

Continued on back page

News Analysis on rail strike, Page 7 ● Industrial effects of disruption, Pages 8 and 10 ● Parliament, Page 10

Union seeks individual deals with hauliers

BY NICK GARNETT, LABOUR STAFF

SENIOR OFFICIALS of the Transport and General Workers' Union yesterday changed their negotiating position in the road haulage dispute in an attempt to erode the employers' common stance on their 15 per cent pay offer.

The union is recommending to its regional negotiating committees that local agreements should be concluded with any indiviual hauliers wishing to settle on the union's total money claim of 23 per cent, with those companies' drivers returning to normal working.

The union is optimistic that it can achieve a breakthrough in one or more Road Haulage Association regions along these lines and force other regions to follow suit.

Already yesterday, union officials representing drivers in Devon and Cornwall, who were due to come out on strike this morning, issued a joint statement with employers saying they hoped to reach agreement on pay by next week, and drivers should maintain normal working. The statement followed a full negotiating session.

Mr. Alex Kitson, the senior official co-ordinating the strike, which has hit haulage companies in almost all areas of Britain, said that the union had had a "flood" of inquiries from haulage companies that wanted to settle ont he union's full claim for a top arte of £65. The union has effectively dropped its demand for a 35-hour week.

Mr. George Newman, director-general of the Association which represents employers, strongly denied that there was any crumbling under union pressure into offering more than £60 for 40 hours.

Alan Pike writes: A conference of West Midlands drivers, who have an agreement from the local Road Haulage Association to pay the best rate negotiated anywhere in the country, yesterday demanded a firm cash offer from the employers. If this is not obtained the West Midland men—many of whom have already staged unofficial action in defiance of their negotiators—are likely to join other regions and seek an official strike.

Drivers in the East Midlands yesterday asked the Transport and General Workers' Union to make the action official in their area.

Drivers employed by the National Freight Corporation yesterday staged unofficial strikes in sympathy with the lorry drivers and there was intense picketing at many of the corporation's 800 regional depots.

Callaghan aims to heal breach

BY RICHARD EVANS AND ELINOR GOODMAN

THE Prime Minister is today expected to make the first moves towards a new social contract with the trade unions in an effort to heal the damaging divisions over pay policy before the next General Election.

Mr. James Callaghan will defend the Government's handling of the road haulage and rail disputes in the Commons.

To the relief of Ministers, the Shadow Cabinet, which was today expected to mount a major censure attack, decided last night on a change of tactics and the emergency debate will now be on a motion for the adjournment.

This means that the worse the Government could suffer would be a technical defeat and even this is unlikely as the Ulster Unionists and Nationalists are not expected to support the Tories.

The Shadow Cabinet decision means that the Tories have decided to treat the industrial unrest as a national emergency rather than a party political issue. They do not want to be accused of harrying the Government unfairly or of opportunism.

Instead, Mrs. Margaret Thatcher, and Mr. James Prior, employment spokesman, will spell out what they think the Government ought to be doing to control inflation and combat industrial unrest over pay—both immediately and in the longer term.

Even so, Ministers continue to be worried by political impact the Conservatives might make with their new emphasis on tough action to curb the power of the unions, and both Mr. Callaghan and Mr. Denis Healey, Chancellor of the Exchequer, plan a counter attack on the opposition's alternative strategy for industrial relations.

Mr. Callaghan is expected to offer a major overhaul of the profit safeguards in price control legislation in an attempt to re-start talks with the TUC on a new social conract.

Mr. Merlyn Rees, Home Secretary, gavet he Cabinet's latest assessment on both the road haulage and rail disputes to the Commons yesterday.

He said it was too early to define the role played by secondary picketing—but initial reportsw ere generally favourable.

He was closely questioned by Tory MPs on the need to introduce legislation for more effective picket control—but he said it was better left to voluntary agreement.

Strike is on despite new rail offer

By Philip Bassett, Labour Staff

BRITISH RAIL services came to a standstill last night because of the first of two one-day national strikes today by members of the train drivers' union, ASLEF.

Mr. William Rodgers, the Transport Secretary, last night called in the general secretaries and presidents of all three rail unions, plus members of the British Rail Board, for a meeting after the ASLEF executive rejected the Board's latest conditional productivity offer of 10 per cent.

Mr. Ray Buckton, ASLEF general secretary, made it clear that the last-minute intervention of the Minister coild have no effect on today's strike, which halted services from 10 p.m.

Mr. Len Murray, TUC general secretary, called for a full report on the situation and on the executive's decision.

The executive reaffirmed its strike decision after considering revived productivity proposals worked out over the weekend in response to the union's claim for special responsibility payments.

The new proposals met the union's claim for increases of 10 per cent, or about £6 a week, but Mr. Buckton said the conditions attached to the offer made it impossible for the executive to put it to the union's 27,000 members.

The union feels that in real terms the new offer is worse than the Board's original 6 to 7 per cent offer because the demands for manning cuts and changed work patterns effectively negated the extra 3 to 4 per cent.

The executive has not yet decided whether to repeat the national strikes next week.

The working party on the union's claim cannot meet because Mr. Sid Weighell, general secretary of the National Union of Railwaymen, which covers other rail manual grdes, as well as some drivers, wants more progress to be made on productivity proposals for his 180,000 members. He has said British Rail wants to axe up to 20,000 jobs in return for a productivity deal which would give increases of about 5.2 per cent.

Services tomorrow are likely to be disrupted by the displacement of rolling stock. An unofficial strike by Southern Region drivers set for tomorrow, though, is not expected to take place because of today's action.

UK may step into EMS farm row

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT, IN BRUSSELS

BRITAIN appears ready to use the row over EEC farm financing arrangements as an opportunity to re-open the argument over the whole future of the Common Agricultural Policy.

This was made clear yesterday by Dr. David Owen, the Foreign Secretary, after a meeting of EEC Foreign Ministers in Brussels yesterday.

Until now, Britain has stood on the sidelines of what has been largely a bilateral dispute between Paris and Bonn. The row arose from French insistence that agreement must be reached on phasing out monetary compensatory amounts before the planned European Monetary System can go into effect.

Although Dr. Owen stopped short of linking the resolution of the dispute explicitly to the forthcoming EEC farm price review, he said that it could be settled only in the contect of wide decisions on the CAP's structural problems, the elimination of surpluses and appropriate price policies.

He said that even though Britan did not plan to enter the full EMS immediately, it considered that there was no possibility of a settlement of the MCA dispute which did not involve the green pound.

Monetary compensation amounts are the consequence of several years of international currency fluctuations. The fiction of "common" farm prices has been sustained only by artificial or "green" exchange rates, adopted as a means of avoiding price cuts in hard currency countries or corresponding increases in weak currency countries. MCAs are, in effect, levies or subsidies on farm trade between the member states.

The growing difficulty of finding a solution to the issues raised by France's stand on MCAs was reflected on renewed uncertainty about plans to hold a joint meeting of EEC foreign, agriculture and finance ministers in Brussels to discuss the matter next Monday and Tuesday.

Though the problem will be reviewed by agriculture ministers next week, it seems likely that the proposed joint meeting will be delayed for some time to permit further preparations at an official level between EEC Governments.

France has been pressing for an agreement to eliminate existing MCAs and to limit the creation of new ones, largely because they act as a tax on its own farm exports and keep the incomes of its agricultural producers below the level in Germany. For German farmers, by contrast, MCAs provide a subsidy, enabling them to sell their produce competitively on EEC markets.

Herr Josef Ertl, the German Agriculture Minister, has made clear that while he is prepared to discuss the phasing out of green currencies, he would insist that any resulting loss of income for his farmers should be compensated for by an increase in the EEC's common far price level.

In Britain's case, MCAs act primarily as a consumer subsidy to its imports of food products. Dr. Owen said yesterday afternoon that if MCAs were eliminated and prices were stabilised at the common EEC level, national far prices would rise by 6 per cent on average in the EEC as a whole and by 28 per cent in the UK. That would be equivalent to an increase of between 5 and 6 per cent in retail food prices in Britain.

If common prices are aligned at the level now prevailing in Germany and MCAs were removed, farm prices would rise by an average of 19 per cent in the EEC and by 42 per cent in the UK.

Because of their differing national interests, Britain, France and Germany now appear to be in distinct danger of becoming locked in a three-cornered battle, in which any move made to satisfy one of the protaginists would be almost certain to arouse strong opposition from at least one of the others.

The British consumer benefits from MCAs because they hold retail food prices at a lower level than they would otherwise be in a system of truly common prices.

EEC troubles Page 20

Farm review

British farm output rose 5.5 per cent last year but net income fell 11 per cent in real terms, according to the Annual Review of Agriculture White Paper published yesterday.
Back and Page 31; Editorial comment Page 20

$ in New York

—	Jan. 12	Previous
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1 month	0.40-0.34 dis	0.43-0.37 dis
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Chrysler plant in Madrid halted by strike

BY ROBERT GRAHAM IN MADRID

WORKERS AT Chrysler's plant *in Madrid went on indefinite* strike yesterday in protest against deadlocked negotiations for a pay and work conditions agreement. The strike by *Chrysler's 13.000 workers forced* the plant to close.

The automotive sector is the most heavily unionised in Spain and the outcome of industrial action over new wage agreements is being closely watched. Seat's 32,000 workers are due to begin a three-day strike today. while last week Ford workers stopped *work for a day*.

Employers are offering average rises of between 12 per cent and 14 per cent — the upper limit of the government ceiling that was fixed by decree just before the New Year. The unions are negotiating on the basis of average demands that range between 14.5 per cent and 16 per cent.

One industry source said that the real differences between unions and management on wage demands was slight.

Chrysler, for instance, is offering an across-the-board increase equivalent to an average of 14 per cent. This would mean about Pts 6,000 (£42) more per month.

Over the weekend, there were reports that the main trades union organisation, the Communist-controlled Confederation of Workers Commissions, was *anxious not to promote major* industrial unrest prior to the general elections in March. The strikes are, therefore, being seen more as a demonstration of *union strength.*

A strike is also due today in Madrid's hotels, and tomorrow another 24-hour rail stoppage is scheduled.

Reuter adds from Pau, France: French police yesterday turned back nearly all Spanish nationals trying to enter France through border posts in the Basque *country, officials said.*

The ban, expected to last several days, follows an attack in nearby St. Jean de Luz on Saturday in which a Basque *separatist militant was seriously* wounded

Spanish workers with regular jobs in France and mothers who were taking children to French schools were *allowed* through.

There was no limit on entry into France by Spaniards who arrrived at border posts outside the Basque country, particularly *at the main passing point at* Perpignan

The attack on the Basque militant, Jose-Manuel Pagoaga Gallastegui, occurred hours after two Spanish policemen were killed in raids in northern Spain, apparently carried out by ETA, the Basque guerrilla group.

W. German housing construction costs soar

BY GUY HAWTIN IN FRANKFURT

THERE WAS a sharp rise in housing construction prices in West Germany last year. According to the Federal *Statistical Office in Wiesbaden*, prices in November were 6.6 per cent up on those a year earlier.

A report from the statistical office yesterday states that in the 12 months from November 1977 there were also sharp increases in commercial property construction prices. Office building prices were up 5.9 per cent. while industrial building prices increased by 6.1 per cent.

However, the sharpest rise of all during the period under review was in road building prices, which went up 7.4 per cent. *By the end of November* last year the construction price index (1970 = 100) stood at 162.8.

Even so, house prices have risen even more sharply than construction prices in some parts of the country. In Frankfurt, for instance, a boom in demand for owner-occupied homes took prices up by more than 15 per cent during the first half of 1978.

Giscard will back the Ceausescu line

President Giscard d'Estaing of France will begin a three-day *visit to Romania on Thursday* aimed at boosting trade and strengthening political ties, Reuter reports from Bucharest.

The French leader is expected to express support for Romania's independent foreign policy which has set President Nicolae Ceausescu at odds with his Warsaw Pact allies. France is also eager to increase trade with Romania. It ranks tenth among Bucharest's trading partners behind West Germany, in second place, and the U.S. in sixth position.

Public service charges

French public service charges *are likely* to rise an average of 8 per cent in 1979, about the same as the rate of inflation, according to M. Rene Monory, the Economics Minister, Reuter reports from Paris. French railways have already announced a 7 per cent increase in passenger fares from February 1.

Two-franc returns

France has decided to reintroduce a 2-franc coin, AP reports *from Paris. Quoting officials*, the agency said the coin is expected to appear in the spring. It was discontinued when the new franc was introduced 20 years ago.

Finnish prices fall

Finland's consumer price index *fell by 0.2 per cent in December*, marking the first monthly decrease for several years. AP-DJ reports from Helsinki. The decrease was brought about by lower prices for meat, fruit and coffee.

Swedish prices rise

Sweden's consumer price index rose 0.6 per cent to 480 in December after advancing 0.4 per cent in November. Reuter reports from Stockholm.

Bourse clerks strike

Clerks of the Italian Bourse Commission started a two-day strike yesterday in protest against Government delay in producing definite proposals to review the Italian stock markets.

Stockbrokers are expected to strike tomorrow and on Thursday for the same reason.

Three-year recovery plan for Italy unveiled

BY PAUL BETTS IN ROME

THE Italian Government last night unveiled its three-year economic recovery plan. Details of the plan, which has been submitted to Parliament, will become known over the next 24 hours.

In the meantime, Sig. Giulio Andreotti, the Prime Minister, has appealed to the political parties supporting his minority Christian Democrat Administration not to torpedo the package.

The plan, whose release has been long awaited and which is generally regarded as a make-or-break test for the Government, aims at tackling the major structural problems of the economy to lay the basis of stable growth.

The economic programme stresses the need to reduce Italy's huge public sector borrowing requirement, and to prevent any real increase in wages during the 1979-81 period.

The Government's target is for an annual growth of 4 per cent next year compared with barely 2 per cent during the past two years, and a progressive lowering of the annual rate of inflation from 12 per cent this year to 9 per cent in 1980 and 7.5 per cent in 1981.

In order to raise employment, some L7,000bn (£4.16bn) of additional funds are to be allocated for State-controlled industries, while measures including the intervention of banking consortia are to be adopted to assist financially troubled groups in the private sector.

The Government also indicates it intends to launch a major programme of public works for the depressed South with specific emphasis on irrigation and agricultural development. The plan also provides for major intervention in the energy sector.

However, implementation clearly hinges on the consensus of the parties now supporting the Government, and the willingness of the unions to moderate wage claims in the current renewal of major national labour contracts involving some 10m workers in both the private and public sector.

The Prime Minister's appeal came after what is perhaps the Communists' harshest criticism so far of the Government and the ruling Christian Democratic Party. At the same time, the unions appear reluctant to curb wage claims in line with the Government's guideline.

The Communists, the second largest party, are accusing the Christian Democrats of undermining the coalition formula by repeatedly resisting a policy of concrete collaboration with the parties in the parliamentary majority, but in particular with the Communists. They claim that the increasing voice of the right of centre faction of the ruling party is gradually eroding the so-called overture to the Left and the policy of all-party collaboration

This latest Communist stand is an indication of the party's intention to seek a greater voice in government or to return to opposition. In large measure, this reflects te deep tensions and problems within the party, which has seen its electoral support decline since it joined in supporting the Christian Democrat administration.

However, the Christian Democrats have ruled out the possibility of any direct participation of the Communists. Should the Communists insist, many Christian Democrat leaders fear this would inevitably lead to an early general election.

Brezhnev: no encouragement

PRESIDENT Leonid Brezhnev *said in an interview published* yesterday that the U.S. had given him little encouragement in the past two years to improve relations, but he still hoped a new arms limitation treaty would be signed soon, Reuter reports from New York.

On the recent establishment of diplomatic relations between the U.S. and China, Mr. Brezhnev told Time Magazine that some people in the U.S. and other Western countries were tempted to turn China into "an instrument of pressure" on the Socialist world. "Such a policy appears to me to be adventurous and highly dangerous for the cause of universal peace," he said.

Dublin walks as pay claim stops buses

BY STEWART DALBY IN DUBLIN

IRISH BUSMEN began a national strike yesterday, adding *to the difficulties of a country* already affected by a postal strike and wildcat stoppages by telephone operators.

Buses are the most heavily *used transport in Ireland and it* it thought that about 450,000 people, nearly a sixth of the population, will be affected. The strike is in support of a claim for a 20 per cent increase in pay.

The postal strike, called to back an overtime claim, has stopped deliveries in the Greater Dublin area apart from the city centre, and is now in its second week with no sign of a solution. The telephone service is expected to become increasingly unreliable and wildcat stoppages by women telephone operators over pay parity are continuing in various parts of the country.

Greater Dublin, where there are nearly 300,000 commuters, is also the area worst hit by the bus strike. Suburban train services can take only 50,000 passengers a day. Parking facilities are to be made available at bus depots but this is unlikely to ease the situation greatly.

There was little absenteeism yesterday, however. Many people walked to work or took advantage of lifts.

The busmen had asked for an increase of £17.50 a week on their basic salary of £53. After 55 hours in the labour court, involving 25 separate meetings, the issue turned on whether the National Busmen's Union would accept an offer of between £7 and £8 a week, plus a £70 payment in lieu of retrospection.

The union rejected the offer despite the intervention of Mr. Gene Fitzgerald, Minister of Labour. The union wanted the £70 paid in 10 weeks but the Government declined to do *this on the ground that it would* increase busmen's expectations.

The collapse of the talks is a serious blow to the Government which has stressed *repeatedly that wage control is* vital if ambitious growth and employment targets are not to be jeopardised.

Last year's national wage agreement called for increases averaging 10 per cent but wage *drift is now* admitted to have taken the level to nearer 16 per cent.

Dr. Martin O'Donoghue, the Minister for Economic Plan*ning and Development, has said* that average wage increases in the industrial and service sectors must be in single figures this year if other national targets are not to be threatened.

The Government is expected to stand firm since the busmen's claim is the first public sector dispute to come to the fore this year. It is admitted that public sector employees lag behind industry, but Ireland's public sector accounts for nearly a third of the registered working population and it is felt that wage increases must not be allowed to get out of control.

Buses are run by the semi-state owned National Transport Company CIE. The strike could spread if railway workers decide to come out in sympathy or if depots which are effectively bus and train depots are picketed.

Holland reduces inflation to 4.1%

BY CHARLES BATCHELOR IN AMSTERDAM

HOLLAND REDUCED its inflation rate to an average of 4.1 per cent during 1978 from 6.4 per cent the year before, the Central Statistics Office said. This indicates success for *Dutch anti-inflation policies in* view of the official forecast that the cost of living would rise between 4 and 4.5 per cent.

On a monthly basis the cost of living was 3.9 per cent higher in mid-December than in the same 1977 month and the year-on-year rate of inflation is still falling, the Economics Ministry said. The cost of living fell 0.1 per cent between mid-November and mid-December 1978.

Private insurance costs rose most strongly last year while hygiene products and medical care as well as clothing and shoes were also among items which rose most sharply in price. Food was only marginally more expensive.

Meanwhile, the Ministry of Health has announced that hospital patients in Holland will *have to pay part of the cost* of their stay on top of their normal payments to health insurance funds. Patients will have to pay Fl 5 (£1.25) a day starting on April 1.

This is part of the Centre-Right Government's Fl 10bn (£2.5bn) plan to curb public spending over the next three years. It represents a watering down of the original proposal to charge hospital patients Fl 10 a day for the length of their stay and to introduce a general "own risk" charge of Fl 100 a year for anyone receiving medical care.

The new charge will not apply to patients under 18, to patients without any income or any patients eligible for family allowances. It was immediately criticised by the Federation of *Health Insurance schemes and* the unions for allowing no relief in cases of hardship and for the administrative problems it will bring.

This further justifies the union federation's decision to demand a wage increase of Fl 20 a month to meet rises in the cost of living not covered by wage indexation, the union said.

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André A. Gester, Treasurer, Société Nationale Elf Aquitaine

Edward A. O'Neal, Vice President and General Manager, Chemical Bank, France.
Photographed at Elf Aquitaine's facilities in Lacq, France.

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WEST GERMAN ENERGY

The running battle for nuclear power

BY JONATHAN CARR IN BONN

TWO OF West Germany's most ambitious nuclear schemes have just cleared important political hurdles—but many problems still lie ahead. On their solution appears to depend not only West Germany's position among the world's leading manufacturers of nuclear plant, but also the security of the country's energy supplies.

One of the projects, at Gorleben in Lower Saxony close to the East German border, is an integrated nuclear fuel services centre, with facilities for reprocessing and radioactive waste disposal.

The other scheme, across the country at Kalkar in North Rhine-Westphalia, near the Dutch frontier, is for a prototype fast breeder nuclear reactor.

Gorleben, when fully operational, could solve the increasingly urgent nuclear waste disposal problem for a long time to come. Kalkar, if successful, could eventually reduce West German dependence on imported uranium supplies. Yet both have beed the target not only of anti-nuclear groups outside Parliament but of a tug-of-war between Laender (individual states) governments and the federal Government in Bonn.

One step forward on Gorleben came last month when the Premier of the Lower Saxony, Herr Ernst Albrecht, and the federal Chancellor, Herr Helmut Schmidt, at last agreed on financing for the project. Herr Albrecht has long maintained that while his state is prepared to take on the political burden of this so-called "nuclear park" for the good of the country, it cannot be expected to bear the financial costs as well. So the federal Government has agreed to put up DM 20m (over £50m) over four years to help cover "extraordinary expenses" — among other things for securing the site against violent demonstrators.

The company carrying out the Gorleben scheme, DWK (Deutsche Gesellschaft fuer Wiederaufarbeitung von Kernbrennstoffen, which is owned by 12 utilities), is also ready to put up DM 200m over 10 years to finance infrastructure projects, such as roadbuilding, around the site.

The chorus of satisfaction which greeted the agreement on financing could lead some people to believe that all was now plain sailing. Nothing could be less correct. So far the Lower Saxony Government has not even given its final approval for the steps needed to make sure that the 200m-year-old salt deposits under Gorleben are, in fact, suitable for the proposed nuclear waste storage.

First, the Government will hold public hearings of scientific opinion on the scheme as a whole in March. Only after that, perhaps in May or June, will it decide whether to give the go-ahead for the test drillings neded down to depths of up to 2,000 metres.

Chancellor Helmut Schmidt has made clear that had the Government lost the Bundestag vote last month on continuing fast breeder reactor development, he would at once have raised the issue again and linked it to a vote of confidence, writes Jonathan Carr in Bonn. In an interview yesterday, he said he was not prepared to see West Germany's future energy supplies made dependent on two monopolies—those of the oil producers and the uranium suppliers.

Few experts seem to think the Gorleben site will prove unsuitable—at least as a repository for low—and medium-level radioactive waste. But one of the objects of the drilling will be to find out how much of the salt is of a kind to permit safe deposit of high-level radioactive waste, which is also envisaged. Here the scope for manoeuvre has been partly limited because a local Count refused to sell off land initially wanted by DWK.

But assuming all goes well, DWK hopes to be able to start construction in 1981, so that the reprocessing plant (intended to handle 1,500 tonnes of spent fuel annually) can be ready by the end of the 1980s and the high-level waste repository by the mid-1990s. But of course no one knows how the activities of anti-nuclear power groups may affect this schedule. Already some have dubbed this year as one of special resistance to the scheme. Violence around the site could increase the existing unhappiness of local residents with the project and give the state government a nasty political headache.

What would happen if, for whatever reason, the Gorleben project fell through? It is not thought likely that a similar scheme, embracing all the planned Gorleben facilities, could be begun elsewhere in West Germany. Even assuming a geographically feasible site were found, the whole long political wrangle would presumably have to start again—and time is pressing.

The planned Kalkar power station is a fast breeder prototype with an electrical output of 300 MW—designed to demonstrate the basic engineering and the economic principles of commercial reactors about five times as big. Britain and France already have prototype reactors of a similar size.

The project was due last year to receive permission for the third stage of construction. But the Government of North Rhine-Westphalia, which is responsible for giving the go-ahead, initially refused because of a struggle between the two coalition partners. Leading members of the liberal Free Democrat Party (FDP) wanted it redesigned into a reactor which could not breed excess plutonium—a concept about which those in the nuclear industry promptly expressed grave doubts. The senior coalition partner, the Social Democratic Party (SPD), was unable to force the issue without risking a split in the alliance.

The lesson is that the battle on behalf of nuclear energy in West Germany is one which has to be fought over and over again—in the court rooms, in local and federal parliaments and sometimes, it seems, on the streets. It might seem tempting to drop the nuclear option altogether—and in current conditions of energy surplus that might seem feasible.

Estimates, however, indicate that even the maximum feasible development of alternative sources would still leave an energy gap in the late 1980s. The estimates have by no means always proved right before—but they cannot be relied upon to be wrong.

Peasants draw attention to food shortages in China

BY COLINA MacDOUGALL

HUNGRY PEASANTS demonstrating at the weekend in Peking called attention to China's immediate problems of feeding its huge population after two years of catastrophic drought. This followed a similar scene last week when peasants from outlying provinces marched through the streets proclaiming, among other demands, "Down with starvation."

A Western visitor to Shanghai recently saw police firing on workers who were protesting that their pay was too low to buy enough food. After an initial wage rise in 1977, a conference on pay rates was promised which has not materialised, and increased benefits have been limited to bonuses for outstanding workers.

The outbreak of posters in Peking over the last two months, initially set off by young intellectuals, has encouraged demand from other sectors for a better standard of living as well as more democratic rights.

Aware of the pressures, Peking is negotiating to buy grain from the U.S. and other countries at the rate of about 10m tonnes annually for the next three years, well above the past average.

However, this expenditure plus China's apparent inability to produce an agricultural surplus to finance its modernisation plans are not good omens for the future.

Peking is taking steps to meet the problem. Last December's central committee meeting announced that the State would raise the price paid to the peasants for the grain quota by 20 per cent and for grain above the quota by 50 per cent, while prices of agricultural equipment would be reduced. Draft proposals for speeding up agricultural development and improving commune manaement were discussed, and the peasants' private plots and the rights of the communes' smallest unit, the production team, were guaranteed.

The central committee meeting greatly strengthened the country's economic leadership by reappointin the long-disgraced expert Chen Yun to the powerful ranks of the party vice-chairman and including among three new Politburo members Vice-Premier Wang Zhen, who formerly ran the State farm system.

Although there were no dismissals, the surviving Cultural Revolution beneficiaries have now been neutralised. They have been relieved unobtrusively of most of their government functions and in party councils can now be out-voted easily and constitutionally with the aid of the new appointees.

Macao rumours denied

Chinese representative in Macao said yesterday that the Portuguese colony will retain its present status after Peking and Lisbon establish diplomatic relations, a move which is expected shortly.

"I can see no change in Macao's status in the foreseeable future," said Ho Yin, who is also a representative in the Chinese People's Congress.

His statement was echoed by Sr. Victor Santos, the Acting Governor, who said Macao will not only retain its status but "will be ven better after establishment of diplomatic ties between Portugal and China."

Both men rejected published reports from Peking speculating that Macao might return to Chiese sovereignty following the establishment of diplomati relations.

This peninsula, with a population of 270,000, on the western side of the Pearl River delta on the south-west China Cosat, is the oldest European colony in Asia and has been ruled by Portugal since 1557. Agencies

Portugal party seeks to revise constitution

BY JIMMY BURNS IN LISBON

THE PROSPECT of early elections has arisen for the first time in weeks with the launching at the weekend of a controversial campaign to revise Portugal's Socialist constitution.

The initiative has come from Sr. Francisco Sa Carneiro, leader of the Social Democrat Party (PSD), the second major parliamentary force and the man who many political observers believe could be a future Prime Minister.

Significantly, Sr. Sa Carneiro's proposals for constitutional reform, put before a secret meeting of the party's national executive, were accompanied by the presentation of the first full list of the PSD's shadow Cabinet.

The PSD's assault on the constitution is expected to draw the wreath of the Socialist and Communist parties, since it demands that all reference to the country's transition towards Socialism should be dropped.

Sr. Sa Carneiro's proposals include a call to abolish the Council of the Revolution, the military's constitutional watchdoy, and to scrap collective forms of agricultural organisations as enshrined in the present constitution.

A revision of the constitution is not due until after the next general elecion, expected in 1980, although Sr. Sa Carneiro appears to have issued a rallying call to conservative sectors of Portuguese society who feel that a move should be made before then.

The private sector has consistently argued that the constitution, which was established in 1976, contradicts Portugal's aspirations to join the European Economic Community. The present text does not enshrine the principle of a free market economy and, instead, confirms the extensive public sector as a legitimate result of the revolution. Sr. Sa Carneiro's proposals are to be published in book form later this week.

Meanwhile, Sr. Mario Soares, the Socialist leader, said yesterday that Portugal's negotiations to join the EEC had been badly affected by the collapse of the Socialist-Conservative government alliance last July. On his return from an international meeting of Socialists and Social Democrats in Brussels, he added that the recent resignation of Dr. Vitor Constancio, Portugal's chief EEC negotiator, stems from the fact that the Socialist Party was no longer in government.

Employers get together to discuss the unthinkable

BY OUR LISBON CORRESPONDENT

"A HISTORIC MOMENT . . . it marks the beginning of a new social and economic order," glowed a Portuguese businessman. "Pure revenge . . . capitalism rearing its ugly head again," moaned a young Communist economist. At least they were agreed that the occasion was significant.

The three-day congress of Portugal's National Confederation of employers, which ended at the weekend, would have been risky one year ago and unthinkable two years ago. The spectacle in central Lisbon (far from the conservative North) of over 1,000 delegates raging openly against political, economic and social disasters brought about by Portugal's "Marxist revolution" would have provoked at best a seige, at worst a riot.

The fact that the congress passed off peacefully with only a whimper of an official communique from the Communist Party and with the presence not of militant workers or of police but of government Ministers, politicians and Count Etienne Davignon, the EEC Industry Commissioner underlined the extent of change in Portugal.

Count Davignon's presence on the last day of the congress symbolised what it was all meant to be about. In the run up to the employers' meeting the EEC had loomed as the main point of discussion. Over the three-day period the delegates were to analyse the problems of Portugal's future entry, particularly as it affected the restructuring of industry, agriculture, and commerce.

M. Davignon's measured words and his subsequent news conference suggested that this indeed had been the main concern of the congress. Yet the Commissioner's serenity seemed a little out of keeping with the reality of the occasion.

Deficiencies

He said that State intervention in Portugal was no greater than in France and that "Co-operative agricultural forms had existed for many years in Italy." Those views contrasted starkly with many others expressed at the congress.

Sr. Rogerio Martins, former Minister for Industry during the Caetano regime, for example, analysed Portugal's economic difficulties which he blamed entirely on the four years of revolution. The mis-development and structural deficiencies that had preceded it were left unstated. Reference was made only to the public sector which was driving Portugal towards "misery and brankruptcy." The speech was among the best received at the congress.

Outspoken criticism of the deficiencies of the sectors nationalised since the 1974 coup was repeated in most of the main speeches, and in particular in that of the president of the Confederation of Private Farmers, who demanded a rapid de-collectivisation of farming and an immediate revision of the Portuguese constitution.

Mouthpieces

Less outspoken was Sr. Vasco De Mello, the president of the Confederation of Industry, who said in an interview on the eve of the congress that his fellow employers had passed through a period of "resistance and survival," characteristic of the immediate post-revolutionary term, and had moved into a new period of dialogue and development.

"As Portugal approaches the EEC," he said, "her employers' confederations can increasingly act as mouthpieces of their members and of the public at large so that governments can act accordingly."

The confidence of the first congress of "economic activities," which reached a peak with the launching of a hard-hitting daily economic review edited by Sr. Jose Manuel Morais Cabral, a genial young industrialist, was not a total surprise.

Yet the most notable politician at the congress was Dr. Francisco Sa Carneiro, leader of the Social Democrat Party. The man widely tipped as a future Prime Minister stood about talking warmly to the many employers present. The next day he attended a party meeting at which he presented his contribution to Portugal's future membership of the EEC: a project for the revision of the constitution.

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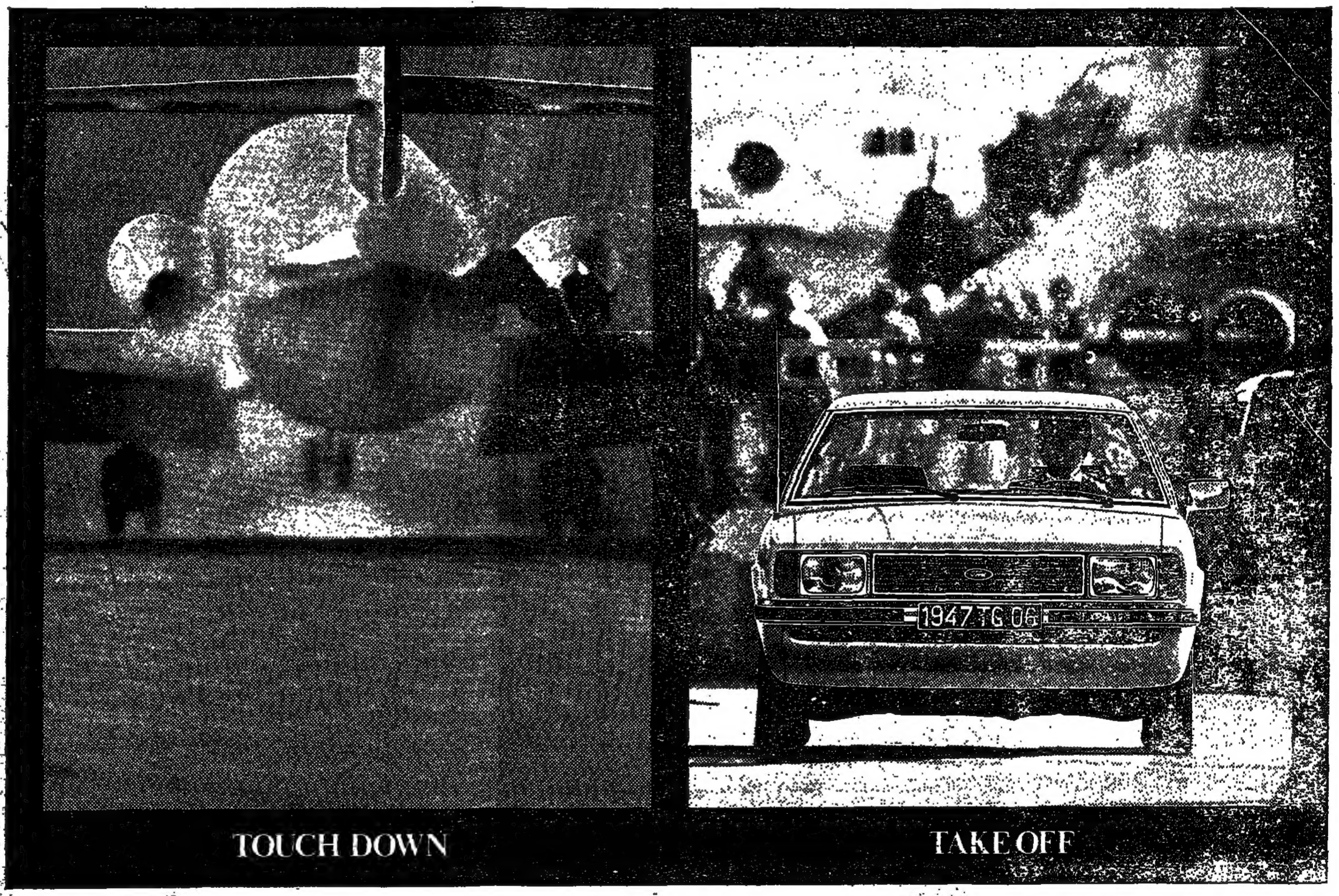

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Israel plans new settlements

BY DAVID LENNON IN TEL AVIV

ISRAEL HAS decided to build three new settlements on the occupied West Bank and Gaza Strip, bringing to an end the freeze on the creation of new settlements, which it agreed to at the Camp David summit in September.

The news of the Cabinet decision, apparently taken a few weeks ago but kept secret until Sunday, is hardly likely to ease the task of Mr. Alfred Atherton, *the special U.S. Middle East envoy*, who was scheduled to arrive in Israel yesterday to try to resolve the impasse in the Egypt-Israel peace negotiations.

Israel's settlement activity in the occupied territories has been a source of dispute between Jerusalem and Washington, and the Americans were not happy with Israel's decision to expand existing settlements, even during the negotiations with Egypt which followed Camp David. There is expected to be further strain in the two countries' relations, following the decision to build new settlements.

In an effort to disguise the nature of the settlements, the Cabinet decided that they should be manned by members of the army's *Nahal paramilitary unit*. While Israel may try to defuse U.S. anger by claiming that these are, in effect, military installations, all Nahal outposts, *as they are* officially called, become civilian Jewish settlements within a few years.

The Almog Nahal settlement, built in January, 1977, at the northern end of the Dead Sea on the West Bank, was yesterday due to be formally declared a civilian settlement.

By using the Nahal units, the Government has also overcome one of the most severe problems encountered in creating new settlements in the occupied territories—the lack of civilian volunteers willing to build their homes in the disputed territories.

Work is due to start in a few days on the new settlements, two of which are on the West Bank and one near Rafa, at the southern end of the Gaza Strip.

Mr. Atherton's task will be to try to find compromise formulae to overcome Israel's objections to Egyptian demands for technical amendments to the draft peace treaty worked out in Washington in November.

Officials in Jerusalem indicated yesterday that there should not be any major problem over Israel's request for a review of the proposed security arrangements in Sinai, following the Israeli withdrawal. But they do expect a tougher battle over the clause giving the treaty preference over Egypt's defence pact with the Arab countries.

The special envoy is not expected to tackle the key political issue of linking the bilateral treaty with the *creation of Palestinian self-rule* on the West Bank and in the Gaza Strip. This is expected to be left to a possible future meeting at ministerial level, which would be called, if the Atherton mission succeeds in resolving the technical issues.

● L. Daniel adds from Jerusalem: Egypt has agreed in principal to supply Israel with crude oil from the Sinai oilfields which are to be handed back to Egypt under the proposed peace treaty between the two countries, according to Mr. Yitzhak Modai, Israel's Minister of Energy. The outstanding question is the quantity which Israel will be permitted to buy from Egypt, he added. However the question of oil will not present any obstacle to the conclusion of the treaty, he stressed.

Afghanistan faces Moslem rebellion

By Chris Sherwell in Islamabad

ONE OF the two exiled Moslem groups leading the intensifying rebellion against the Socialist regime of Mr. Nur Mohammed Taraki in Afghanistan has claimed that fighting had spread to the mountainous northern province of Badakhshan and has resulted in the death of at least four Russian soldiers near the Soviet border.

The claim, made by the Jamiat-i-Islami Afghanistan religious grouping, which says it has launched a national liberation movement against the Afghan Government, follows numerous reports over the past week of continued fighting in Kunar province further south. The clashes began after the Soviet-oriented Taraki regime came to power in a military coup in Kabul last April.

Radio Kabul on Saturday broadcast a flat denial that any fighting was going on in the country. It said that recent reports in the western media were without any foundation and that the country was calm and quiet with the Government completely in control. The Government has however acknowledged in the past that some subversive elements were resisting its rule.

The rebels have claimed that four Russian soldiers who tried to stop a group of people moving out of the Little Pamirs area in the north were all killed. They said this was intolerable interference by the Soviet Union. Other incidents in Badakhshan were also reported in which several Afghan army soldiers died.

UN envoy starts Namibia talks

BY QUENTIN PEEL IN JOHANNESBURG

TALKS BEGAN yesterday in the Namibian coastal resort of Swakopmund to complete plans for United Nations-supervised elections in the territory.

Even before the talks, between Judge Marthinus Steyn, the South African Administrator-General in the territory, and Mr. Marti Ahtisaari, the special representative for Namibia of Dr. Kurt Waldheim, the UN Secretary-General, there seemed to be a difference of opinion about their purpose.

Mr. Ahtisaari said on arrival *that he had come to sort out* practical details of the implementation of the UN plan, which provides for a peace-keeping force of up to 7,500 *men, as well as a civilian team* of electoral observers. Judge Steyn indicated at least one area of disagreement—how to identify a "visible peace" in the operational northern area, where guerrillas of the South-west African People's Organisation (SWAPO) are fighting South African troops.

The South African Government is insisting that it will not withdraw its troops to the level of 1,500 specified in the UN plan, until there is a "visible peace."

Another possible area of disagreement is over the monitoring *of SWAPO bases in Angola*, which is not included in the UN plan, but has been sought by South Africa. Mr. Ahtisaari said Dr. Waldheim was relying on firm promises of full co-operation in the election plan from neighbouring states.

The two sides hope to agree on a firm election date, before September 30, and, in that case, the first on troops could start arriving before the end of February, the UN envoy said. He did not foresee difficulty over the ceasefire, which he expected to come into effect as soon as all the UN troops were in position.

Six people were reported killed in landmine explosions in the operational area over the weekend, including two South African soldiers.

Mr. Ahtisaari expects to spend up to six days in Namibia, before flying to Cape Town for talks with Mr. Pik Botha, the South African Foreign Minister.

Benguela railway unlikely to open for many months

BY MICHAEL HOLMAN IN LUBUMBASHI

THE 1,250 mile Benguela railway remains closed to through traffic from Zaire despite an official reopening ceremony last November and the position is unlikely to change in the months ahead, according to senior railway officials here.

The line was closed in August 1975 because of the Angolan civil war. The November ceremony at the border town of Dilolo marked no more than the reconstruction of a railway bridge at the town, which had been destroyed during the fighting. Meanwhile there are unconfirmed reports that two other bridges on the line have been damaged.

Railway officials as well as diplomats sources say that guerrillas of Mr. Jonas Savimbi's UNITA movement pose sufficient threat to make the line unworkable.

Before its closure, the line carried the bulk of Zaire's copper, about 50 per cent of Zambia's trade.

Copper from the mining town of Kolwezi would reach the Angolan port of Lobito in about 10 days. Now two-thirds of the copper travels north on the tortuous rail and river route to Zaire's port of Matadi, taking 50-55 days. The southern route to the South African port of East London, carrying some 15,000 tonnes a month, takes 30 to 35 days.

Sri Lanka asks for IMF loan

By Mervyn de Silva in Sri Lanka

SRI LANKA has asked the International Monetary Fund for balance of payments assistance for the current year.

The extended financing facility it is seeking amounts to about Rs600m ($40m). The central bank estimates a balance of payments deficit of nearly Rs1bn in 1978 against a record surplus of Rs1.26bn in 1977.

In the first half of last year the deficit was Rs480m. The central bank attributes this to a 4 per cent drop in export earnings and a 9 per cent higher import bill.

Last year Sri Lanka received Rs770m from the IMF trust fund at half per cent interest.

JAPANESE EMIGRATION

Automation may spur new exodus

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN'S EXPORTS have increased nearly 50-fold in value during the past 20 years but there has been a sharp decrease in one very special kind of export, people. In the mid-fifties Japan was despatching about 15,000 migrants per year to North and South America with the overwhelming majority going to the U.S. and Brazil.

But in the first ten months of last year a mere 3,248 people left the country to take up permanent residence overseas (although a far larger number went abroad on temporary business assignments or as dispensers of technical assistance and overseas aid). This "super-low" level of emigration, as a Foreign Ministry official described it recently, could be about to end although no-one, as yet, is predicting a migration boom comparable to that of the post-war years.

Japan has experienced three major waves of overseas migration during the 110 years since the country opened its doors to the outside world. The first, in the final decades of the 19th century, saw the departure of farm workers to the sugar and coffee plantations of Peru and Brazil and the beginnings of a flow of migrants to Hawaii and California. A second major wave occurred between the First and Second World Wars. In the first two decades after World War II, it was Government policy to encourage migration. The aim was to cope with the pressures of a domestic labour surplus and to balance the flow of returning migrants *from places such as Korea and* Manchuria which had received a large influx of "permanent" Japanese residents while they were part of the pre-1945 Japanese empire.

Japansigned migration agreements with four Latin American countries (Brazil, Bolivia, Paraguay and Argentina) in the late 1950s and early 1960s. The Governments concerned agreed to accept stipulated numbers of migrants (85,000 over a 30-year period in the case of Paraguay) and the Japanese Government undertook to subsidise travel and initial settlement expenses, including the purchase of land to be developed by Japanese farming committees.

The agreements still stand today but the flow of migrants has come nowhere near the initial targets. Only 7,000 Japanese settlers have gone to reservoir which could provide the basis for a new wave of migration.

The Japanese Foreign Ministry, which lays down migration policy from a single division of its consular affairs department, is allergic to the idea that Japan is about to start unloading surplus labour on the outside world.

Officials do admit, however, that migration can and probably should increase from its present low levels and that it could be beneficial both to the recipient countries because of the skills which migrants would hopefully bring with them and to Japan because of the cultural and

MIGRATION STATISTICS

Years	to the U.S.	to Brazil	Total
1955-1959	32,907	30,000	75,043
1960-1964	21,917	18,414	43,278
1965-1969	16,227	3,388	24,717
1970-1974	20,609	3,977	32,672
1975	2,465	1,297	6,158
1976	2,484	1,126	5,671
1977	2,328	682	4,371
1978 (first 10 months)	1,723	516	3,246

Paraguay since the agreement was signed in 1959. What happened of course was that, from 1960 onwards, the Japanese domestic economy took off and began to absorb all available domestic labour resources instead of leavin ga surplus for export.

Since the oil crisis there has been a partial reversal of this situation. Japan officially boasts a far lower level of unemployment than most Western industrial countries (just over 2 per cent at the last count). But an estimated 4 per cent of the employed labour force is out of work in a practical sense although more than 2m workers concerned remain on the payrolls of their companies in accordance with the time-honoured life-time employment system.

The restructuring of Japanese industry scheduled to take place over the next five years or so will mean that surplus workers who are now on company payrolls have to change their jobs altogether as industries like shipbuilding, textiles and petrochemicals are cut down to size or developed along new lines involving a heavy emphasis on *automation*. Hence the appearance, after 20 years of rapid economic growth, of a labour human ties which could be forged with countries in which migrants settle.

The Ministry organised a symposium on the subject of Japanese migration late last year at which foreign and Japanese scholars came up with what appears to have been a positive verdict on the whole matter. The next steps towards an "active" migration policy could involve an increase in the number of migration officers posted overseas by the Japan *International* Co-operation Agency, the body directly responsible for looking after migrants before and after they leave Japan.

There could also be an increase in budgetary expenditure on the "permanent transfer" of Japanese skilled personnel to other countries though this may be presented as an aspect of the Government's aid programme rather than as funding for migration as such.

It is hoped that foreign countries will react favourably to an increased flow of migrants. Some are already asking for more Japanese migrants (Australia is a case in point) and the existing *community of overseas* Japanese, numbering an estimated 1.6m people in all, seems to have been absorbed successfully into the various host countries. The 630,000 U.S. citizens of Japanese extraction have merged so successfully into American society than there are now fears they may disappear altogether—by inter-marriage on the part of third and fourth generation ethnic Japanese.

In Brazil the 760,000-strong Japanese community (constituting 0.7 per cent of the population) is more self-contained but has unquestionably made a positive contribution to the host country. Graduates of Japanese origin account for 12 per cent of the output from Sao Paolo university, the top university in Brazil, and several Japanese names are to be found in the lower house of the national legislature. At a more practical level, Japanese *immigrant farmers claim the credit* for having introduced two major crops — jute and pepper — to Brazil. The Paraguayan soya bean industry, which is now mainly in non-Japanese hands, also resulted from a Japanese initiative.

Japanese migrants have not done equally well in all the countries to which they have *gone. Canada's Japanese ethnic* population (numbering 45,000) has played a much less prominent role in the national life than have Japanese Americans. There has been friction at times between the predominantly urban Peruvian Japanese community and native-born Peruvians.

The dangers of over-confidence were demonstrated in the late 1950's when Japan sent a flow of immigrants to the Dominican Republic in response to a pressing invitation from President Rafael Trujillo and then hal to take most of them back when President Trujillo was assassinated and replaced by a regime which decided it could do without the Japanese.

Such setbacks could occur again, particularly in nations where an official policy of encouraging *migration contrasts* with popular feeling that is either anti-migrant or anti-Japanese. The chances are, however, that countries which like *Japanese immigrants will be* seeing a good many more of them in years to come.

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NZ urged to act on inflation and jobless

By Dai Hayward

NEW ZEALAND will have increased unemployment, inflation at about 10-12 per cent and an internal deficit close to NZ$ 2bn (approximately £1bn) in 1979 unless urgent action is taken, according to Mr. Bill Rowling, *the Opposition Labour Party's* leader.

In a major economic speech at the Christchurch Media Club, Mr. Rowling attacked Prime Minister Robert Muldoon's Government's handling of economy and its failure to reduce inflation and unemployment. Political courage and strong economic action was needed. He called for a sweeping overhaul of Government spending especially on the high cost social services taxation reform to shift the burden from production. He appealed too for efforts to ease pressure on wage demands, a curb on import spending, reduction of the internal deficit and reduction in interest rates.

Mr. Rowling claimed that the impetus had gone from New Zealand's export drive and that long-term indicators showed a further deterioration in New Zealand's trade and invisible balance although some improvement was possible during the next six months.

AP-DJ adds from Paris: The growth of the New Zealand economy is likely to accelerate in 1979, improving the country's unemployment situation but lifting its balance of payments deficit 50 per cent above its 1978 level according to economists from the Organisation for Economic Co-operation and Development (OECD).

In its annual survey of the New Zealand economy, the Paris-based organisation says that New Zealand is likely to experience a growth in real Gross Domestic Product this year of about 2.5 per cent compared with less than 1 per cent in 1978.

The pick-up will mainly stem from an anticipated 4.5 per cent increase in private consumption, against a rise of only 1.5 per cent in 1978, the OECD states. Total domestic demand this year is likely to be 4.25 per cent above that of 1978 following a 0.75 per cent rise last year, it predicts, with private investment higher by 1 per cent compared with last year's 3 per cent decline.

The pick-up in output might be accompanied by a small reduction in the unemployment rate, which rose to 1.5 per cent in 1978 from 0.8 per cent in 1977, the OECD suggests.

The OECD warns that the strong rise in domestic demand will result in a 9 per cent increase in import volumes, held down last year to a growth of 2 per cent because of stock depletion.

Ten parties enter Ghana's July election

By Our Foreign Staff

THE LINE-UP for Ghana's return to civilian rule in Ghana is looking *a little clearer with the* formation of at least ten political parties to contest the first democratic general elections in the country since 1972.

The parties have all been formed since Lt. Gen. Fred Akuffo, the Head of State, lifted the ban on party politics on January 1 this year. The new parties *contain many names* familiar before the military takeover in 1972.

But the military government has also announced that 105 people will be banned from participation in public office. They have been banned, says the government, because of adverse findings against them by government *commissions or committees* of inquiry.

The list includes a number of well-known politicians. Mr. Joseph Mensah is on the list *although the former finance* minister in the Busia government has always protested his innocence at charges brought against him. Some of the banned claim that the original findings were brought for political motives.

Also on the list is Mr. Komla Gbedemah, formerly finance minister in the Nkrumah government and Mr. Victor Owusu and Mr. Imoru Egala, both of whom are former politicians.

The formation of the parties has been encouraged by the decision to lift the State of Emergency which had been in force since November 8 last year when thousands of civil servants went on strike.

The parties formed since January 1 include: the People's National Party led by politicians formerly with the Convention People's Party (including Mr. Imoru Egala); the Popular Party led by people formerly associated with the Progress Party (including Mr. Joseph Mensah); the United National Convention led by Mr. William Ofori-Atta (formerly Foreign Minister in the Busia Government); the Action People's Congress led by Col. Frank Bernasko; the People's Freedom Party led by Dr. Owusu-Ansah (president of the human rights and disarmament committee); the People's Revolutionary Party led by Mr. Johnny Hansen *(former leader of the People's* Popular Party); and the Labour Party led by Dr. I. S. Ephson.

Carter bows to Senate on ratification of SALT pact

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

PRESIDENT Jimmy Carter has confirmed that he will submit the new Strategic Arms Limitation Agreement with the Soviet Union to the Senate for ratification as a full treaty and not as a simple executive agreement.

He made this announcement in Atlanta, Georgia, on the eve of the convening of the 96th Congress, which is likely to apply the closest scrutiny to the President's foreign and domestic policies.

Ratification of a full treaty requires the approval of two-thirds of the Senate, whereas an executive agreement may be passed on a majority vote. Given the close division of opinion in the Senate on SALT, the temptation of taking the latter route is obvious.

But Mr. Carter had to match this with the awareness that Congress does not like to see the President usurping or bypassing its prerogatives, especially on major matters of foreign policy like SALT. Even some of Mr. Carter's supporters were muttering discontentedly before Christmas that he had neglected to consult Congress before normalising relations with China.

In his Atlanta remarks, Mr. Carter warned that failure to ratify a SALT treaty would deal *"a severe blow"* to American-Soviet relations and would harm "the opinion held by our peaceloving people in the small and developing nations round the world."

Administration officials believe that the SALT pact could be completed and sent to the Senate by early spring. *This assessment apparently was* backed by Mr. Leonid Brezhnev, the Soviet leader, who said in an interview in this week's Time Magazine that he hoped that "President Carter and I will be able in the near future to affix our signatures to the accord."

The delay in the completion of the SALT agreement, which culminate in a Carter-Brezhnev summit, may be explained partly by Mr. Brezhnev's unwillingness to permit such a momentous event to be upstaged by the equally momentous visit to the U.S. later this month by Teng Hsiao-Ping, the Chinese Deputy Premier.

Teng Hsiao-ping, Vice-Premier of China, will visit Atlanta, Houston and Seattle *in addition to Washington,* **during his trip to the U.S., the White House announced yesterday. AP-DJ reports from Atlanta. The Vice-Premier will arrive in Washington on January 28 and his formal State visit will run from January 29-31. Mr. Leonard Woodcock, chief of the U.S. Liaison Office in Peking, will accompany Teng on the latter's travels in the U.S. as President Jimmy Carter's personal representative.**

Whatever the precise timing, there is little doubt that Senate ratification of SALT will not be gained easily. *Senator Howard* Baker, the Republican leader who has backed the President on several key foreign policy issues in the last two years, said in an interview over the weekend that it was "unlikely but not impossible" that he would vote for ratification.

He commented that Soviet *behaviour in various parts* of the world in the coming months would be determining factor in helping him make up his mind. He added that at present he did not think that either side in the SALT debate had enough votes to prevail.

Predictions of the outcome in the Senate have been made more difficult by the influx of a greater than usual number of newcomers into the upper House. Twenty new Senators *took their seats yesterday and* the position of many of them on SALT is simply not known.

Immediately after last November's mid-term elections administration officials reckoned that the pro-SALT forces in the Senate had been reduced by one or two, but this was a tentative estimate. Now it is difficult to assess what impact the rapprochement with China, for example, may have on SALT's chances.

On several tough foreign policy issues—the Panama Canal Treaty, arms sales to Egypt and Saudi Arabia, and the termination of the partial arms embargo against Turkey—Mr. Carter has carried the Senate with him despite conventional political calculations that pointed to different results. A number of these triumphs were gained when his own political standing was much lower than it is now.

But often he has succeeded by relying on the backing of key moderate Republicans, like Senator Baker. Several of these, Mr. Baker among them, are now casting their eyes towards next year's contest for the Republican Party presidential nomination. Thus they may take the political pluses and minuses into account to a greater degree than before.

At the very least, by agreeing to submit SALT for ratification as a full treaty, Mr. Carter has not given those who are still undecided an easy excuse to oppose it.

Three governors in two days for Maryland

BY OUR U.S. EDITOR

The state of Maryland will this week enjoy the possibly unique experience of having three Governors in the span of two days.

This was made possible yesterday when Mr. Marvin Mandel announced that he would resume the Governorship for the final 48 hours of his unexpired term. Mr. Mandel was first elected to the State House in 1968 but was suspended from office in 1977 following his conviction, along with several of his close associates, of mail fraud and racketeering.

However, last Friday a Federal Appeals Court threw out the convictions. Meanwhile he had been succeeded as acting Governor by Mr. Blair Lee, who had been Lieutenant Governor. Mr. Lee last year was beaten in the Democratic gubernatorial primary election by Mr. Harry Hughes, who then went on to vanquish the Republican opposition in November and is due to take over as Governor on Wednesday.

Following the reversal of Mr. Mandel's conviction, Mr. Lee made it quite clear that he would stand down if Mr. Mandel so wanted. Mr. Hughes, clearly a bit embarrassed by it all, had not even invited Mr. Mandel to his inauguration ceremonies, but Mr. Mandel now says that he will not attend the ceremonies in any case, and will do nothing *(i.e. make no appointments,* spend no money, dispense no patronage) in his final two days.

Continuity in new Brazilian Government

By Diana Smith in Rio de Janeiro

ALTHOUGH THE new Brazilian Government, headed by President-elect General Joao Baptiste Figueiredo, will not be sworn in until March 15, Gen. Figueiredo has already picked his cabinet of 22 senior ministers. The Cabinet will not be announced formally until January 19, but its content is an open secret.

Three names are of particular importance. Sr. Mario Henrique Simonsen, until now Finance Minister, is moving upwards to the Planning Ministry—Brazil's most influential Ministerial post.

Sr. Simonsen, by his own admission, failed in his monetary battle against annual inflation of 40.8 per cent; economists maintain that an important cause of failure was poor coordination between key ministries. Sr. Simonsen's Planning Department will be given greater authority, that was a *primary condition for his* acceptance.

He will be succeeded at the Finance Ministry by Sr. Karlos Rischbieter, until now President of the Banco do Brazil.

The third key figure, Sr. Delfim Netto, the Finance Minister in the 1969-74 Medici Government and former ambassador to France, will run the Ministry of Agriculture, a post of supreme importance in the coming Government. Agriculture was the main cause of the *year's estimated $900m trade* deficit: poor weather and world prices affected coffee and sugar exports. In addition erratic credit provision and planning caused *serious shortfalls* in grain crops and meat.

U.S. rail unions agree on 39-month contract

BY JOHN WYLES IN NEW YORK

THE THREAT of a highly disruptive strike by U.S. railway clerks has lifted. Agreement has been reached on a 39-month contract giving pay rises of 36 per cent.

To all intents and purposes, the deal completes the railway industry's marathon bargaining session with a total of 13 unions. The 135,000 clerks had been regarded as by far the most militant. Their stoppage last September, which was directed against the Norfolk and Western Railway, paralysed traffic on two-thirds of the U.S. rail system for four days. Unless agreement on a national contract had been reached by Thursday, the union would have been free under the industry's legally regulated procedures to strike from early March.

The pay and benefits deal is backdated to January 1, 1978, and is confidently expected to be free of President Carter's 7 per cent pay limit. This is because it should qualify for exemption under the "tandem" bargaining clause, whereby an agreement reached since the guidelines were introduced last October 24 may go ahead, provided it follows a pace-setting agreement concluded before the guidelines were announced.

According to the National Railway Labour Conference, which *represents all the major* railways, agreement had been reached on a pre-guidelines' pattern settlement with eight other unions, which was then offered to, and accepted by, the clerks.

Mexico's non-oil exports lagging

BY WILLIAM CHISLETT IN MEXICO

MEXICO'S current account balance of payments deficit for the first nine months of 1978 amounted to $1.58bn, compared with $895.9m in the same period of 1977, according to official figures belatedly released by the Bank of Mexico.

The main contribution to the increased deficit is the continued poor performance of Mexican exports. For all three quarters, the trade deficits were almost double those for the same period in 1977. The trade deficit was $1.5bn, compared with $783m. Imports are surging ahead, reflecting the general economic recovery, but exports are lagging way behind.

The recovery of tourism, however, is helping the current account. Revenue from tourism totalled $81.8m, 30 per cent higher than in the same period of 1977.

The export sector is being held back by the failure of *manufactured exports to find* new and increased markets. Up until September, manufactured exports earned only $85m more than in the previous year, a growth of 10 per cent.

This poor performance casts doubt on the Government's confidence that it, with the private sector, can create 600,000 jobs this year. Exports of crude oil, the foundation of the economy, earned $1.1bn in the first nine months, thus redeeming the position of the current account.

29 killed in Midwest blizzard

CHICAGO — Some 2,500 workers were digging out the U.S.'s second-largest city yesterday from its worst blizzard in history. But the possibility of more snow was forecast for mid-week.

Helicopters were used to take sick and injured to hospitals in the Chicago area because ambulances could not get through the 30 inches of snow. 20.9 inches of it from the weekend storm in the Midwest which killed at least 29 people, *seven of them in Chicago*.

O'Hare International Airport was closed to all flights, because of snow-covered runways.

Seven of the 11 emergency centres set up in the city to distribute food reported their supplies were exhausted by Sunday, and requests for emergency fuel supplies depleted the reserves at two city storage areas, officials said.

Elsewhere in the Midwest, the snow combined with below-freezing temperatures to cause traffic accidents, break records for bad weather, strand travellers, and leave thousands without electricity.

The temperature plummeted throughout the Midwest with South Bend, Indiana, reporting a record low of 14 degrees below zero at 4 am yesterday. It was 13 degrees below in Chicago.

States of emergency were declared in Northern Illinois, Kansas and Eastern Iowa.
AP-DJ

U.S. COMPANY NEWS: Sharp profit gains at IBM and NCR; Record earnings in airline industry; CPI may drop MacMillan Bloedel bid. Page 26

هكذا من الارشيف

Israel and S. Africa in major coal deal

By Quentin Peel in Johannesburg

ISRAEL AND South Africa will finally sign their long-negotiated contract this week for up to 1m tons a year of steam coal to supply the Hadera power station north of Tel Aviv.

According to Israeli reports, the price has been agreed at $23 per ton, and first deliveries will be made in 1980. The contract will be signed by an Israeli delegation which arrived in South Africa at the weekend, and the Transvaal Coal Owners' Association, the country's principal coal exporter.

Negotiations have continued for almost four years, and final agreement depends on a technical appraisal of the South African coal by the Israeli Electricity Corporation. It is understood that Australian and U.S. coal will also be used at the power station.

The contract is part of a major effort by South African coal producers to boost their exports from the present level of some 20m tons per annum to 40m tons by 1968.

Mr. Allen Sealey, chairman of the TCOA, said the organisation had already sold more than its export quota for 1979 "to give us some options if there are cancellations or reductions."

U.S. extends credits by $300m to Poland for farm imports

BY DAVID LASCELLES IN NEW YORK

THE U.S. has extended a further $300m in commodity credits to Poland, bringing to $500m the total of such credits advanced to the economically hard-pressed Eastern European country in the last six months.

The credits also go most of the way to meeting Poland's recent request for U.S. official finance, and makes it the largest single recipient of the U.S. commodity credits.

The latest credits come in the form of $200m worth of direct credits and $100m worth of credit guarantees from the Commodity Credit Corporation, the government agency which administers funds to promote U.S. exports of commodities.

Last autumn, the CCC advanced $200m in direct credits, so the total has now reached $500m.

The money is to be used to import U.S. agricultural produce, mainly grain, in the wake of Poland's recent serious harvest difficulties.

The credits were advanced following a request from Poland for $500m in direct credits. The final package meets this request in dollar terms, though only $400m comes as direct as opposed to guaranteed credits.

An informed government source said the credits were expected "to make a significant positive contribution to Poland's cash flow in 1979."

The timing of the credits is also significant. Several large Western banks are currently understood to be negotiating a new round of loans to ease Poland's balance of payments problems. These negotiations should be greatly facilitated by the knowledge that the CCC has gone most of the way to meeting Poland's request for funds.

The credits also reflect U.S. foreign policy, which is to take a positive line over Poland's economic and political plight.

Poland's foreign debt problems are among the most serious in Eastern Europe due partly to the sluggishness of its export performance and partly to the inefficiency of its agricultural system, compounded by bad luck with the weather.

Poland is also committed to buying 2.5m tons of U.S. grain a year until 1980 to make up its domestic shortfall.

● Christopher Bobinski writes from Warsaw: The Polish Warski Shipyard in Szczecin has begun to build the first of four car ferries for the Soviet Union.

Trade with Russia at new peak

By David Satter in Moscow

DESPITE THE dissatisfaction of top Soviet leaders with the state of U.S.-Soviet trade, recently released U.S. figures indicate that large Soviet grain purchases last year will push up the 1978 U.S.-Soviet trade totals to their highest level ever.

The evidence of the nine months' trade figures and the trend in U.S.-Soviet trade in the fourth quarter indicates that trade turnover for 1978 will top $3bn.

Most of this will be due to an enormous rise in Soviet purchases of U.S. agricultural products which are expected to have a value of about $1.7bn for the year. The previous record U.S.-Soviet trade turnover was $2.5bn reached in 1976.

The Soviet purchased 14.5m tonnes of grain during the year between October 1, 1977 and September 30, 1978. Their agricultural purchases in the first nine months of 1978 had a total value of $1.6bn, a 95 per cent increase over the value of agricultural purchases for the equivalent period of 1977.

Trade turnover is also expected to be boosted by increased U.S. imports of Soviet goods, and by recovering U.S. sales of non-agricultural products, particularly oil and gas equipment.

GATT negotiators agree customs valuation code

BY BRIJ KHINDARIA IN GENEVA

A CUSTOMS valuation code has been essentially agreed in the Tokyo Round of trade negotiations here to reduce the effect of Customs duties as a technical barrier to trade.

Some important work remains to be done but the code's basic contents should remain unchanged during further negotiations this month. The code's aim is to allow traders to predict within a reasonable degree of accuracy the duty that will be assessed on their products by laying down a set of internationally accepted rules.

Negotiators will now try to draft agreed interpretive notes on the code's provisions to define its scope and set the limits for its implementation.

The purpose of customs valuation is to establish the value of imported goods for assessment of customs duties. Governments have so far used widely varying assessment methods and a major aim of many countries in the negotiations has been to get the U.S. to simplify its numerous (at least nine) and differing valuation methods, including the notorious American Selling Price system.

The code as agreed so far lays down five valuation methods to be used progressively. So that if the customs value cannot be assessed by the first and most commonly applied method, the second would be tried, and so on.

Under the first, and primary, method, customs officials would simply accept the invoice as accurate and would then inflate it only by such items as commissions, brokerage fees, packing costs, and tangible additions such as materials added free or at a reduced price.

This method would be waived if the there was any doubt over the invoice because the seller had placed restrictions on the buyer, or accepted certain kinds of partial payment that could not be easily valued. It would also be waived whether relationship between a buyer and seller influenced the deal, as in a transaction between a parent company and its foreign affiliate.

Some developing countries object to this because they feel that the absence of any relationship between buyer and seller should not be automatically accepted as proof that the invoice value is correct. They have in mind the frequent informal pacts between their importers and developed country exporters to under-value invoices.

The second and third Customs valuation methods would use the transaction value of identical or similar goods exported to the same country after taking account of certain technical adjustments.

If all three methods turn out to be inadequate, the importer would choose between the fourth and fifth alternative—deductive value of computed value. Under the deductive value method, the import goods' re-sale price would be used as a starting point for calculating the estimated import costs while the computed value method would determine the value by using the manufacturing costs of the imported goods as a starting point.

In addition to raising fears of industrial espionage, the computed value method presents problems for developing countries. They claim their exporters often cannot provide reliable data because they benefit from Government financed export promotion schemes and are frequently able to buy raw materials for exported products at prices which are cheaper than those available to them for products sold at home.

In developing countries, overhead costs, particularly of medium and small scale enterprises, are also hard to measure and they fear that Customs officials in developed countries may add on unreasonably high allowances.

Bahamasair buys four HS-748s

Financial Times Reporter

BRITISH AEROSPACE'S Manchester Division has signed a contract with Bahamasair for the supply of four new HS-748 airliners, worth a total of about £9m.

The first is due for delivery this month and until the second is available in April a demonstration 748 is being provided by British Aerospace.

The new order completes a series of hard-won contracts in the Caribbean against competition from Canada and the Netherlands. By the middle of 1979 there will be 24 HS-748s operating in the Bahamas, Trinidad, Venezuela, Guyana and other countries in this area.

The contract brings the sales total of HS-748s to 339, 85 per cent of them being for export.

ECGD backs Argentine loan

Financial Times Reporter

THE EXPORT Credits Guarantee Department (ECGD) has guaranteed a :16.5m loan which Baring Brothers, acting on behalf of Barclays Bank International and Lloyds Bank International, has made available to Alimentaria San Luis (ASL) of Argentina.

This is the first ECGD guaranteed buyer credit loan to Argentina to be expressed in dollars and also the first ECGD

UK and Mexico plan oil and nuclear co-operation

BY WILLIAM CHISLETT IN MEXICO

BRITAIN AND Mexico have tentatively agreed to co-operate more closely over oil and nuclear programmes, according to Dr. Dickson Mabon, the Minister of State for Energy at the end of his visit here.

Dr. Mabon said the British National Oil Corporation was interested in importing Mexican heavy crude in a swop agreement whereby Mexico would import light crude. He gave no figures but said that the matter was bein gpursued.

Britain was also interested in obtaining Mexican uranium and to this end was prepared to offer technical expertise, including enriching should it be necessary in the future, to help Mexico develop its nuclear industry.

Assistance for Mexico to develop its offshore oil fields was also being offered. At the moment Mexico's 1.5m barrels a day of oil come from onshore fields and later this year offshore production will start for the first time.

Another alternative on oil could be that British light North Sea crude could be sold in the U.S. for the tankers to return to Britain with Mexican crudes.

Mexico has not yet started to mine its uranium. Proven resrves are said to be over 11,000 tonnes and Dr. Mabon has been told that once underway Mexico could produce possibly as much as 700,000 tonnes a year.

Meanwhile Mexico has agreed to sell Canada 100,000 barrels of oil a day after 1980.

This was agreed at the end of a visit by the Candian Energy Minister. The exports to Canada will start at 15,000 barrels towards the end of this year, and rise to 100,000 during 1980.

The oil will relieve the dependence of the five eastern provinces in Canada on OPEC. As a result of this new import, Canada will probably cut down, possibly even stop, its imports from Iran, which amount to about 100,000 barrels.

Mexico aims to export over 700,000 barrels a day this year, compared with 500,000 in 1978, and is signing contracts fast for sales after 1980 by which time daily production of oil will be 2m barrels, compared with 1.5m barrels at the moment.

● Jamie Buchan writes from Jeddah: Saudi exports of crude oil continued to climb last month to cope with seasonal demand and to make up for the complete cessation of export production from Iran.

The Ministry of Petroleum and Mineral Resources announced yesterday that the daily average for exports in December was 10m barrels, against 9.64m barrels in November, 8.8m in October and 7.57m barrels in September.

The steady increase the summer indicates the extent the oil market has improved since the taking up of surplus crude after the Iranian shutdown it is understood that Saudi Arabia is continuing to hold production above 10.5m barrels since the beginning of the new year.

Lurgi wins anti-pollution contract in Australia

BY GUY HAWTIN IN FRANKFURT

THE STATE Commission of Victoria, Australia, has ordered a DM 100m ($53.8m) environmental protection plant from Lurgi the Frankfurt-based engineering group. It is the largest order that the company has so far received for environmental protection equipment.

According to a statement from the group today, the turn key contract covers the supply of an entire flue gas de-dusting plant at the Loy Yang power station. A total of 24 horizontal electro-static precipitators will be installed for the cleaning of the flue gas discharged by the power station's four 500 megawatt brown coal fired burners.

The order has been placed with the group's subsidiary, Lurgi Umwelt and Chemo Technik. The equipment will go into service between 1982 and 1986.

Adrian Dicks adds from Bonn: Triumph-Adler, the West German data processing equipment and office machinery subsidiary of Litton Industries, has announced a DM 10m order from Iraq for computer equipment.

The order, which covers a range of hardware from Triumph-Adler's T.A. 1000 series of computers, has been placed by the Iraq state trading organisation, which will use the equipment in its own offices. The German company, which won its first business from Baghdad against stiff competition, is hoping that further orders from the Iraqis will follow.

Meanwhile Triumph-Adler has also delivered six of its T.A. 1069 machines to the Dutch state railways for around DM 400,000. The company describes this as the pilot operation for what it hopes will be an order for data processing equipment to outfit the entire network.

The West German railways has already taken delivery of a DM 200m system from Triumph-Adler as part of its integrated transport control system, embracing freight and passenger services. The Dutch are for the time being testing the system at busy passenger stations but are understood to be considering installation of a similar data processing system to the German model.

The company reports that a number of other railway authorities both in Europe and further afield have been showing interest in the T.A. 1069-based system.

Danish ship orders down

BY HILARY BARNES IN COPENHAGEN

EMPLOYMENT in Danish shipyards has fallen by 6,000 or 30 per cent, since 1975, according to the Danish Shipbuilders' Association. Further reduction in the labour force can be expected this year, it said.

A total of 50 vessels were on order at Danish yards at the end of 1978, totalling 515,000 grt (644,000 dwt), a reduction of 25 per cent, compared with orders at the end of 1977.

Thirty-two vessels were delivered in 1978. They totalled 375,000 grt, compared with 39 ships, totalling 670,000 grt delivered in 1977.

Danish shipbuilding accounted for 2 per cent of world output in 1978, compared with 2.6 per cent in 1977 and 3.1 per cent in 1976, said the association.

Do this little test to see if we're right.

Walk down your corridor at a prime working time, say eleven in the morning or four in the afternoon.

See how many people are in their offices. You may be surprised how many are not.

No, they're probably not malingering.

When you ask, many of them will tell you that they were in the building, but in someone else's office.

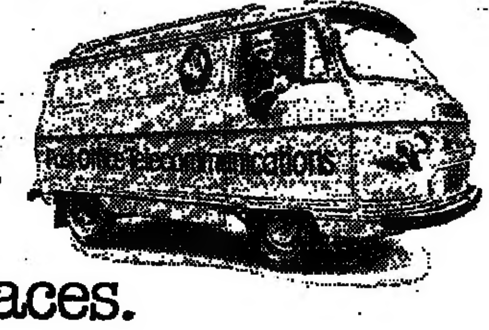
Others will tell you they were driving to a client, or checking a consignment had arrived.

Ask yourself, is that the best way to use their talents?

Ask yourself, could they be using their time more efficiently?

Ask yourself, could telecommunications help them do more of their work from their desks and probably save you money into the bargain?

And if you answer the last two questions with a 'yes', jog their memories with a memo telling them it makes sense to make more use of the phone. Then you'll go places.



We're here to help you.

Newspapers' futures threatened

BY MAX WILKINSON

UNOFFICIAL disruption of national newspaper production could bring several titles to the brink of closure this year, Mr. John LePage, Director of the Newspaper Publishers' Association, warned last night.

Mr. LePage was commenting on figures published in the *UK Press Gazette*, which showed that more than 155m coppies were lost by national newspapers in 1978. This excluded the 3.2m copies lost by The Times and the Sunday Times in December when publication was suspended.

The losses last year were twice as bad as in 1 977. Most of them were due to unofficial action by chapels (union branches) "in total breach of agreed negotiating procedures."

The continual failure to print as many copies as planned was causing newspapers to lose a large amount of revenue.

"If newspapers continue to lose copies at the same rate in 1979, the survival of several titles could well be in danger. It is a desperate stiution."

The lost revenues for the whole of the national press was equivalent to 6 per cent of the total wage bill. This implied a loss of more than £10m throughout Fleet Street.

Not all the loss, however, could be attributed to deliberate disruption. The Daily Telegraph, for example, which lost 32m copies last year, had problems trying to produce large editions on relatively old machinery.

The company also had problems in the routine operation of the machinery which was less efficiently manned than it would like. One particular problem was the speed with which production could be resumed after a break in the paper.

The Sun was the worst hit, with 78.5m lost copies during the year. This was partly attributable to one long stoppage, but even in December copies were lost on seven nights.

The Financial Times recorded the smallest loss among the daily papers—just under 700,000.

The Times and the Sunday Times losses before they were closed by the management were 10.5m for the 11 months.

Mr LePage said the NPA had held several discussions with the main print unions to try to obtain continuous production, but so far without noticeable success. "A new disputes procedure is desperately needed for the industry, but it is not clear where we go from here."

One of the main reasons for the closure of The Times, The Sunday Times, and the three supplements was that the *management sought agreements* on continuous production and new working practices. Most of the unions had so far refused to sign them.

Crown Agents chief 'had no inkling'

Financial Times Reporter

THE CROWN AGENTS tribunal heard yesterday that Mr. Ronald Newman, the managing director, had "no inkling that there was a prospect of the *whole office being brought down* by an external failure, such as Stern's."

Reading from a prepared statement, Mr. Newman said that some executives outside the finance *directorate* had an uneasy feeling that they did not know what was going on within the finance directorate.

"I knew, of course, that the market had collapsed and that shares had fallen in the general sense."

The matter was first brought to his attention in April, 1974, by Mr. N. Hewins, the head of banking between 1972 and 1974 and later director of finance.

Mr. Hewins had told him that the Crown Agents were involved to the extent of £38m, with the Stern group in April, 1974. "It looked as if we had to make some more lending because otherwise Stern would sink, and the office would sink with him," Mr. Newman said.

The policy adopted in the *chairman's absence* was continued on his return in the early stages under the guidance of the Bank of England.

Earlier, discussing the extent to which Sir Claude Hayes, the *chairman, consulted his senior* staff, Mr. Newman said: "Speaking about the time after the Crown Agent, Mr. E. A. Morris, left in 1971, I cannot remember any discussions in *particular about financial problems.*

"I do recall a meeting about the annual account of 1970, but that was a discussion about the accounts as such, rather than ny prticular item within the accounts.

"Apart from that, it tended to go the other way, in that we, the non-finance board members, were shielded from the activities of the finance directorate."

The hearing continues.

Inmos head reveals plans for increase in Bristol work force

BY ROBIN REEVES

INMOS, the National Enterprise Board's £50,000 microchip company, plans an initial staff of 50 at its Bristol research and development headquarters, building up to 400 to 500 by the mid-1980s.

Mr. Iann Barron, the company's managing director, said yesterday that it is negotiating for 15,000 square feet in Bristol as a temporary headquarters. But Inmos is planning a purpose - built technology centre somewhere near the city, and hopes to move there in 1981.

The Industry Department has granted an Industrial Development Certificate for a 75,000 square feet unit.

Advertising for staff—experienced engineers in semiconductor technology, programmers, and computer designers—is to start shortly.

Mr. Barron said that some junior positions might be filled by people already working in the electronics industry in the Bristol area. But the majority would be drawn from throughout the UK and abroad.

The Bristol centre will be primarily concerned with developing new ranges of *micro-processors, and the first* products should become available in about three years. The Inmos U.S. subsidiary, which is to manufacture memory products, requiring a shorter design process, is due to start producing in two years, though its location in the U.S. ha still to be settled.

In choosing Bristol as the Inmos headquarters—against stiff competition from the North-East and other parts of the UK—Mr. Barron said the prime concern had been to maximise recruitment of the right type of staff.

The Bristol area offered an attractive, varied environment and amenities, good links with London and Heathrow, and a good range of educational facilities, he said.

The company would be aiming to forge strong links with university and technological institutions throughout the UK. To be successful, Inmos would need a steady flow of bright ideas Mr. Barron said.

Inmos has not revealed where its four proposed micro-processor units are to be sited but there are hopes that one will be in South Wales. PA Management Consultants are studying possible locations at present.

The Government has indicated that the production *units, which will employ* about 1,000 workers each, must be sited in development areas.

Insurance premiums 'should be equal for both sexes'

By Eric Short

ACTUARIES WERE told yesterday by Baroness Lockwood to stop discriminating against women in fixing insurance premiums.

At an Actuaries Club dinner in London, the Baroness, chairman of the Equal Opportunities Commission, warned the insurance world that it must stop categorising by sex as a matter of principle, unless there was genuine overwhelming evidence for continuing to do so.

The exception to the equal treatment principle of the Sex Discrimination Act, which allowed different treatment of the sexes based on actuarial data, was not a permanent loophole for continuing sex discrimination.

This exemption should be regarded only as providing a temporary licence for different treatement, allowing the insurance industry as a whole to work towards a service where there was no distinction between clients simply on the basis of sex.

The Baroness emphasised that different treatment of men and women seeking insurance cover was lawful only if it was done strictly according to proven statistical risks.

The Equal Opportunities Commission questioned how reliable the facts and figures were on which the insurance industry relied. Its consultations with the Continuous Mortality Investigation Bureau, run jointly by the Institute and Faculty of Actuaries, had disclosed the small amount of data relied on by insurance companies when placing a heavy loading on permanent health insurance for women.

The new health contract issued by Langham Life Assur*ance offered permanent* health insurance on the same terms for men and women. It was believed that it was the first such scheme of its kind, and if it succeeded, it would *seriously undermine* the *given* wisdom about all women being a bad health insurance risk.

TV game sales 'will reach £150m a year by 1985'

BY JOHN LLOYD

SALES of television games in Europe will rise to £150m a year by the mid-1980s, according to Frost and Sullivan, U.S. consultants.

About 45m games will be sold between 1976 and 1985, rising to a peak of 10m a year by 1985. Prices of games are expected to drop by 50 per cent over the forecast period.

The consultants say that the European market is largely served by Far East manufacturers, who have already forced Videomaster, the UK company, into liquidation. But U.S. companies will progressively introduce programmable games.

This trend became obvious last year, when the main U.S. patent holder, Magnavox, a subsidiary of Phillips, the Dutch company, shipped 200,000 sets. General Instrument, which has a semiconductor subsidiary in Scotland, has already developed ten programmable processors for the market.

The consultants forecast that manufacture will continue to be based in the Far East and the U.S. However, "the major European producers of TV games should become firmly established in the market place in the course of the forecast period, but only in the up-market field, or in new potential products.

"Traditional methods of distribution for electronic products such as TV games are broadening to include toy shops, department stores, supermarkets, drug stores and mail order houses."

● The UK audio-visual industry is showing vigorous growth, but is fiercely competitive, according to a survey by Inter Company Comparisons.

Of 227 companies examined, 68 per cent had increased their profits over the past 12 months, 64 per cent increased turnover, 83 per cent added to assets, 79 per cent increased liabilities and 72 per cent paid more to their directors.

However, about 92 companies—nearly 30 per cent of the industry—had failed to return up-to-date accounts to Companies House.

"Such a high number is significant in itself. It tends to mean that profits are there for those who can achieve the demands of greater turnover, but that the competition is so tough that it quickly stifles those who might tend to fall by the wayside."

Electronic Games Market in Europe: Frost and Sullivan, 104-112 Marylebone Lane, London W1M 5FU, $600.

Audio Visual, 3rd Edition, Inter Company Comparisons, 81 City Road, London EC1Y 1BD, £31.80.

Goldsmith to launch national publication

BY MAX WILKINSON

MR. JAMES GOLDSMITH, the financier who bid unsuccessfully for the Daily Express, is to launch a new national publication, probably a glossy weekly *news magazine*.

He has hired Mr. Anthony Shrimsley, assistant editor of The Sun and former political editor of the Daily Mail as his new editor.

Mr. Shrimsley said last night: "It is going to be an ambitious project to produce a major national publication. We are now looking around for the most talented journalists in the British Press to join us."

Mr. Shrimsley would not be drawn on the exact nature of the publication nor on the expected launch costs or staffing.

However, the indications are that he will be producing a weekly glossy news magazine with a strong irentation towards political news and comment.

Sir James appears to want to repeat in the UK some of the success which he has had in France with l'Express, which he bought two years ago.

He has set up a UK subsidiary of his Cavenham Foods group called Cavenham Communications. It is believed to have a starting capital of several million pounds.

The new magazine will probably aim for a general readership among educated readers—the sort of people who buy the quality Sunday papers.

It is not expected to have the sharp business focus of the Financial Weekly magazine which Mr. Victor Matthews, chairman of Express Newspapers, is launching, through Morgan Grampian, subsidiary of Trafalgar House, the shipping, construction, and hotel group.

NEB director to head small company sector

By John Elliott, Industrial Editor

THE National Enterprise Board has appointed a divisional director with special responsibilities for small companies as the first step in a gradual ratitonalisation of its top posts.

He is Mr. David Beattie, 40, who worked for Cadbury Schweppes before he joined the Enterprise Board as deputy director of planning in June, 1976.

Encouraging the development of small companies is one of the main areas of the Board's work because it can provide finance which might be difficult to raise in the private sector.

Further appointments are likely to be announced in the *coming months as the Board* re-arranges its main divisions to group togethter companies with similar businesses and interests.

Call to speed plans for district heating

BY JOHN LLOYD

DISTRICT HEATING—the sup*ply of hot water to city districts* as a public service—should be planned for soon if its benefits are to be obtained by the end of the century, when it will become economic.

Mr. Glyn England, chairman of the Central Electricity Generating Board, said yesterday that this was the major conclusion of an Energy Department sub-committee set up four years ago to consider the feasibility of district heating schemes.

Speaking at Didcot, Oxfordshire, Mr. England said that CEGB power *stations* would have to "be radically modified to enable them to reject their heat at higher temperatures."

"Because an adequate heat-load takes some years to build *up, it might be appropriate to* start with small straightforward boilers supplying the heat-load rather than make any link with electricity generation at all. At a later stage, when the heat load has built up, the link could *be made to the combined heat* and power generation station."

Extensive upheaval would be necessary for the installation of such schemes. "This consideration brings in issues of redevelopment of land and housing management and for a *successful project would require* expertise in these fields."

The board already operates a number of ventures using reject heat from power stations, including the supply of heat from Battersea power station to some 3,000 flats in the area.

● The present reduced demand *for energy should not lull* people into a false sense of security, Sir Derek Ezra, chairman of the National Coal Board, said on Sunday.

Speaking at Whitley Bay, *Tyne and Wear, Sir Derek said* that the world surplus of energy meant severe competition for the NCB at a time when costs were rising faster than the rate of inflation.

Cut in primary aluminium

By James McDonald

OUTPUT of primary aluminium in Britain last November totalled *27,252* tonnes, compared with 27,390 tonnes in the same month of 1977, according to the Aluminium Federation.

In the secondary aluminium sector, the federation said the *industry produced 16,458 tonnes* of foundry alloys, compared with 15,958 in 1977.

There were intakes of 20,332 tonnes in the aluminium scrap tonnes in November, 1977.

Phurnacite to cost more

BY JOHN LLOYD

COAL MERCHANTS are to pay £3 a tonne more for Phurnacite, the premium solid fuel, from February 1.

National Smokeless Fuels, the National Coal Board's subsidiary which manufactures Phurnacite, said that the amount of the increase had been reduced and its implementation deferred after representations from the Coal Consumers Council.

The price rise was required *to cover* losses on the Phurnacite works in South Wales. The plant is now 40 years old and a modernisation programme is under consideration.

U.S. companies 'more advanced than UK's in social affairs'

U.S. COMPANIES are way ahead of British companies when it comes to including social affairs in corporate decision-making, according to the Henley Administrative Staff *College.*

It claims that trade unions have gone further into corporate social affairs than managements in Britain, and extended their activities "beyond pay and working conditions into social legislation and national policies."

These findings come in a report by Dr. Keith MacMillan, a director of studies at the college.

He says that U.S. companies build social affairs into their public relations programmes by monitoring social and political issues, employing people with socio-political relations responsibilities, annually reviewing the company's social affairs performances and keeping profiles of pressure groups and activists engaged in social work.

Dr. MacMillan's study of U.S. companies included the Bank of America, IBM, General Electric, General Mills, Union Carbide and PPG Industries. He says: "It is a source of wonder, not to say alarm, among American colleagues how British managers can remain so inactive."

Corporate social responsibility was accepted in the U.S. as "simply another dimension of general management at all levels of the firm," while UK managements remained "unsure of the appropriate direction to take."

The college sent Dr. MacMillan to the U.S. to see how the concept and practice of social affairs management was developed, and what Britain could learn from it.

He found that social issue analysis was the key to corporate social responsiveness in *the U.S., beginning with* "the identification of a portfolio of social and political issues derived from a variety of environmental scanning techniques."

At General Mills, Mr. Graham Mollitor, consumer affairs director, scanned 2,000-3,000 social affairs issues that could affect the company's food products. He reported to senior managements on about 300 issues a month.

At the public affairs department in Washington, there were profiles of each active pressure group. Companies could select a portfolio and test the perceptions of their managements against it.

Human Rights court to hear Kaplan plea

BY ERIC SHORT

THE EUROPEAN Human Rights Commission is to consider the case of Mr. Joseph Kaplan, managing director of Indemnity Guarantee Assurance, who is *challenging the UK Trade Secretarys* ruling that he is an "unfit and improper" person to control an insurance company.

It has decided that Mr. Kaplan's application is admissible, and the case will now continue before the commission.

Mr. Kaplan, an Israeli citizen, acquired control of Indemnity Guarantee Assurance early in 1974. In November, 1975, the Trade Secretary served notices on Mr. Kaplan and the company.

These said in effect that the Minister was considering under the Insurance Companies Act, 1974, to restrict the company's business as Mr. Kaplan was considered not a fit and proper person. It was alleged that the value of certain property in the company's accounts had been misrepresented.

Mr. Kaplan, under the procedure laid down by the Act, made written and oral representations to the Department of Trade. But in February, 1976, he was informed that the Trade Secretary had found him to be an unfit and improper person to control an insurance company.

The company was served a *notice* restricting its ability to take on new business or vary insurance contracts.

In July, 1976, Mr. Kaplan applied to the European Commission on Human Rights alleging that the Trade Department's actions breached its Convention.

He maintained that under Article 6(1) of the Human Rights Convention, the matters *should have been determined by* a court. The allegations against him amounted to a criminal charge, but he had been deprived of the opportunity of clearing his name in court.

Mr. Kaplan submitted that the Trade Secretary's action had been in accordance with U.K. law and that there was no remedy available to him in British courts.

Responsibility

Under the Insurance Companies Act, 1974, Sections 7, 28 and 52 impose direct responsibility on the Trade Secretary to be satisfied that those in control of insurance companies are "fit and proper persons."

The Trade Department has no power to remove a company. But it can issue a Stop Order prohibiting a company from accepting new business or altering the terms of existing business. The purpose of this procedure is to protect the consumer in dealing with insurance companies.

The Government argues that Mr. Kaplan could have sought judicial review of the Trade Secretary's decision in the UK courts, and since he had not done so, the application was inadmissable under Article 26 of the Convention.

CONTRACTS

Godfrey Davis places £6m order with Chrysler

CHRYSLER UNITED KINGDOM has signed a £6m deal with Godfrey Davis (Car Hire) to supply a substantial number of Horizon, Alpine, Avenger and Sunbeam models. It has also received an order worth nearly £1m to provide more than 300 Avengers for the Liverpool-based J. Bibby Group.

A contract for a fire station and divisional headquarters at *West Denton Way, Newcastle,* has been awarded to BRIMS AND COMPANY, worth £312,658; work has started and will be completed in the autumn of 1980.

PLINT AND PARTNERS, the *Wokingham-based* manufacturers of engineering laboratory equipment, have signed a contract worth £585,000 with the China National Machinery Import and Export Corporation.

*

A contract valued at over £503,000 has been awarded to WALTER LAWRENCE AND SON by the Imperial College of Science and Technology. The project involves the construction of a new building on top of an existing plant room at Linstead Hall, Princes Gardens, Kensington.

*

NUCLEAR ENTERPRISES has *received orders totalling £500,000* from British Nuclear Fuels for radioactive contamination hand *and clothing monitors. A £70,000* order has also been received from the UK Atomic Energy Authority for similar equipment.

*

SYKES PUMPS has an £100,000 order from *Workdry, Gateshead,* for the supply of Super Univac solids handling vacuum priming centrifugal pumps and equipment.

*

A contract worth about £88,000, which includes site development works, has been awarded to JOHN GARRETT AND SON of Plymouth by the Department of the Environment for work on an advance factory of 360 sq metres (4,000 sq ft) at Holsworthy, Devon.

*

POWELL DUFFRYN ENGINEERING has won a £70,000 order to *supply and instal* two waste compactors for a new commercial refuse transfer station in Kilmarnock and Wimpey waste management.

*

SMITHS INDUSTRIES has received an order from British Aerospace for 24 sets of digital flight guidance systems for the BAe 146. The system was developed as a joint venture by *Smiths Industries and* the Department of Industry for future transport aircraft.

Trade balances erratic course

THE CURRENT account of the balance of payments continued its erratic course in December 1978. There was a £126m surplus in visible trade following a deficit of £186m the previous month.

Over the past three motnhs there was a *surplus for* only the second quarter since 1971—of £40m. This compares with a deficit of £334m in the period July to September.

There was a slight fall in the deficit on trade in oil in the last quarter, while the terms of trade—the ratio of export to import prices—continued to improve. In October-December it averaged 106.1, compared with 102.4 at the same period in 1977.

BALANCE OF TRADE

		Exports £m seasonally adjusted	Imports £m seasonally adjusted	Exports Volume seasonally adjusted 1975=100	Imports Volume seasonally adjusted 1975=100	Terms of trade *Unadjusted 1975=100	Oil balance £m.
1976		25,424	29,013	109.8	105.7	99.3	−3,973
1977		32,182	33,891	118.9	107.1	100.7	−2,804
1978		35,488	36,592	123.3	113.9	105.2	−2,019
1976	1st	5,654	6,204	106.2	100.2	100.8	−947
	2nd	6,160	7,109	109.7	106.3	98.8	−968
	3rd	6,513	7,645	110.1	109.0	96.6	−1,058
	4th	7,097	8,055	113.4	107.1	98.2	−1,000
1977	1st	7,512	8,485	115.8	109.4	98.9	−800
	2nd	7,927	8,689	118.0	109.6	100.3	−745
	3rd	8,556	5,525	124.4	106.6	101.0	−602
	4th	8,187	8,192	117.6	102.7	102.4	−657
1978	1st	8,375	9,010	119.5	114.1	104.8	−637
	2nd	8,739	8,914	122.0	110.3	104.6	−393
	3rd	9,067	9,410	125.3	116.1	105.3	−507
	4th	9,307	9,267	126.2	115.1	106.1	−482
	July	3,027	3,177	126.3	116.1	104.6	−220
	August	3,004	2,955	124.4	111.3	105.7	− 96
	Sept.	3,036	3,269	125.1	120.8	105.5	−191
	Oct.	3,097	2,997	127.4	111.9	105.3	−133
	Nov.	3,056	3,242	124.6	120.3	106.6	−161
	Dec.	3,154	3,028	126.7	113.0	106.3	−188

* ratio of export prices to import prices

Source: Department of Trade

Deutsche Bank
Compagnie Financière Luxembourg

Société Anonyme, Luxembourg

A wholly-owned subsidiary of Deutsche Bank AG, Frankfurt (Main)

Euro currency loans
deposit dealing · bond trading

Commercial Register Luxembourg B 9164
25, Boulevard Royal · P.O.Box 586 · Luxembourg
Telephone: 46 44 11 · Telex: 2748 · Cable: deutschbanklux

Financial Highlights – in millions of US-Dollars –	as per the end of the financial year (September 30) 1977/78	1976/77	1975/76
Balance Sheet Total	6,899	5,749	5,443
Loans to and Deposits with Banks	1,991	1,656	2,302
Loans and Advances to Customers	4,177	3,597	2,586
Credit Volume	4,920	4,234	3,108
Capital and Reserves	143	127	82
Profit for the Financial Year	17	16	21

After allocation of the year's net profit, capital and reserves now amount to US $ 160 million.

ALLEN HARVEY & ROSS INVEST. MANAGEMENT LTD.
45 Cornhill, London EC3V 3PB. Tel.: 01-623 6314.
Index Guide as at January 11, 1979
Capital Fixed Interest Portfolio 100.24
Income Fixed Interest Portfolio 100.30

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as at January 9, 1979 (Base 100 on 14.1.77)
Clive Fixed Interest Capital 129.92
Clive Fixed Interest Income 114.69

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هكذا من الأصل

ANNUAL PREMIUM BUSINESS UP 28% ON LAST YEAR

Life assurance reaps profits

BY ERIC SHORT

THE UK life assurance industry did well last year. New annual premiums for life assurance, annuity and pensions business increased by 28 per cent from £1.05bn to £1.35bn.

This growth contrasts markedly with the previous year when business was much more static and premiums increased by only 6 per cent.

New business has been particularly buoyant in three main areas—company pensions, individual pensions and mortgage repayment contracts.

The new state pension scheme, which started last April, provided a lot of business. The scheme divided pensions into two parts—basic pensions and pensions related to earnings.

Employers could choose to contract out of the earnings-related portion and provide it through a company scheme. More companies took advantage of this option than was originally anticipated. The Government Actuary originally anticipated that 8m employees would be contracted out. In the event, 11m employees left the state scheme.

Thelife companies were one of the main beneficiaries of this move. Some life companies reported business double that of the previous year. Mrs. Barbara Castle, the Pensions Minister responsible, turned out to be a good salesman for the companies.

There has also been a boom in executive pensions business and, to a lesser extent, in self-employed pensions. An executive pension scheme is the most tax efficient means of transferring assets from the company to the executive. There are also considerable tax savings in a self-employed pensions contract.

The schemes have been sold as much for the tax advantages as for the pensions provided. Life companies have reported sales varying from a third to double that of 1977 in executive pensions, and increases of about a quarter in self-employed pensions.

The use of an endowment assurance has always been an acceptable method of repaying a house mortgage. Recent developments by life companies of this method have enabled householders to repay a mortgage on cheaper premiums than previously. They have also mare it easier for householders to switch contracts to a new mortgage. The result has been a tremendous upsurge in low cost endowment contracts in 1978 in the wake of the mortgage boom.

However, sales of individual policies as pure savings vehicles was patchy last year. Most savers using life assurance for investment purposes turned to the unit-linked market. Sales of single premiums bonds were buoyant, and property bonds returned to the popularity of 1973. The use of traditional with-profits policies as savings contracts, however, was dull. Some life companies reported growth up by as much as a third. Others experienced static sales.

Sales of annuities and other single premiu mcontracts were also dull. Total single premium sales, including linked bonds, advanced by only 6 per cent, from £521m to £552m.

The life companies are not anticipating such large overall rowth rates this year. Company pensions business should be comparatively quiet for a few years, althouh there is still plenty of potential in the executive and self-employed market. House purchase business should again be good, but a dull savings market is anticipated.

GLC move on secret ballots

By Our Labour Editor

THE GREATER London Council is to ask its unions to accept secret postal ballots as a condition of official strike action, Mr. Horace Cutler, leader of the Conservative-controlled council, said yesterday.

The GLC would pay for the ballots and they would be independently supervised.

He was announcing the renegotiation of a post-entry closed shop agreement with the council's 18 manual unions representing 15,000 workers.

The agreement allows workers with "genuine objections" to being a member of a union on grounds of religious belief or personal conviction to pay the equivalent of the union subscription into a charity. Mr. Cutler said: "There will be no Star Chamber of inquisition into the genuineness of such belief."

● London traffic wardens and museum workers in the Civil Service Union went on a half-day strike yesterday joining 3,000 other members at a pay meeting in Westminster.

CAC cannot deal with water claim

BY PAULINE CLARK, LABOUR STAFF

THE BRITISH Waterways Board claimed yesterday that Government Ministers had reacted with "shock and dismay" at the failure of the Central Arbitration Committee to award a special pay increase to canal supervisors.

It is feared that the supervisors may steep up industrial action over their pay problems, with serious effects on water supplies in some areas.

Union representatives and the board claim that Mr. Peter Shore, Secretary for the Environment, was one of the instigators of a submission made to the committee on pay affecting about 600 supervisors of the inland waterways system.

But Government hopes that the committee may solve the problem were dashed yesterday when it told the board that the case was beyond its terms of reference.

Sanctions by supervisors aimed at persuading the Government to make them a special case outside the Phase Four incomes policy, started in November.

The board said yesterday it understood the CAC had refused to make an award because the case had been based on comparisons with pay in the water services sector, which the committee regarded as a separate industry.

The CAC had argued that it could only make awards on comparability within an industry.

Yet the board and the union claim that jobs in the two sectors are comparable and that pay in the waterways is about 30 per cent lower than that in thewater services.

The board claims that, as a result, it is suffering from severe staff shortages at senior and supervisory levels.

● A Fair Wages Claim for draughtsmen and skilled engineers at British Aerospace, Kingston, has resulted in a 5 to 7.5 per cent award, in spite of a unions' claims for increases ranging from 22.5 to 55 per cent.

Bargaining change for ship union

By Our Labour Correspondent

MEMBERS OF the largest white collar union in British Shipbuilders yesterday agreed in principle to accept a proposed new centralised bargaining structure.

A delegate conference in Newcastle of members of TASS, the white collar section of the Amalgamated Union of Engineering Workers, insisted that there must be lay representation on any national bargaining structure which is established.

"Unless we see the development of lay representation in the next year there is no guarantee that we would continue with centralised brgaining," said Mr. Bill Niven, TASS national officer for the shipbuilding industry.

Under the proposals all negotiations in British Shipbuilders yards will be grouped around a common January 1 starting date. National minimum rates of £80 per week for skilled men down to £62 for unskilled will also be established.

Perkins Engines prices up

By Our Consumer Affairs Correspondent

PERKINS ENGINES has been allowed to increase its prices by a further 5.63 per cent average on top of the 5 per cent rises agreed at the beginning of this month.

Both increases have been allowed by the Price Commission under th safeguard regulations which protect margins. It means that the company has now been granted the full 10.63 per cent increase it had originally sought.

However, the Price Commission still intends to press ahead with its investigation into the price rises even though it is now virtually powerless to limit the increases. Its report is due to be published late in April.

The price rises cover a range of diesel and petrol engines, as well as spares and optional extras. Perkins Engines is a subsidiary of Massey-Ferguson Holdings.

Trafalgar House has £50m ships plan

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

MR. VICTOR MATTHEWS, chief executive of Trafalgar House, confirmed yesterday that the group is discussing with British Shipbuilders the possibility of converting two refrigerated cargo ships into 800-berth passenger liners, at a cost of about £50m.

Trafalgar, which owns the Cunard shipping group, believes that there is sufficient passenger traffic to justify such conversions. But, speaking at the group's annual meeting in the Baltic Exchange yesterday Mr. Nigel Broackes, Trafalgar's chairman, said that the capital costs of conversions are "astronomical." He said the work would be undertaken only if there was sufficient Government support and if there was still sufficient expertise to carry out the work in a British shipyard.

Mr. Broakes also announced concessionary fares on the QE2 for holders of 500 or more shares in Trafalgar House. From April shareholders will be offered discounts of between 15 and 20 per cent for cruises on the ship that start frm British ports, for a one-year trial period.

Commenting on last year's pre-tax profits, Mr. Broackes said that after exceptional property and share sales on a scale that was unlikely to recur "in the forseeable future," the current year's profits performance should be judged against a 1978 total of £42m, not the reported £60.6m.

On the group's growing newspaper interests, Mr. Broackes denied rumours that the Express group is in talks with Associated Newspapers about a merger of the London Evening Standard and the Evening News. He added that sales of the recently launched Daily Star have settled down to just under 600,000 a day and that newsprint supplies permitting, the Daily Star will be on sale in the South of England in about a month.

● Britannia Airways is to add two oBeing 737 aircraft to its fleet to meet an expected increase of 20 per cent in the demand for its charter services this summer.

Britannia said it expected to carry more than 3m passengers on inclusive tour holidays this year compared with 2.5m passengers last year.

Doxford test-bed go-ahead

By Ian Hargreaves, Shipping Correspondent

DOXFORD ENGINES, the Wearside marine engine-builder whose future has been called into doubt in the British Shipbuilders' corporate plan, has been given the go-ahead to develop a new test-bed engine.

This development, which will cost about £800,000, follows assurances given to the 1,000 employees that their jobs are not in jeopardy in spite of an option considered in the parent corporation's strategic plan for complete shutdown.

Doxford is the only manufacturer of British-designed slow-speed marine diesel engines in the UK and yesterday's announcement has been prompted by the encouraging reception given to its 58JS3 engine.

This is a three-cylinder, opposed piston engine which has already secured seven orders.

The new test engine will also be of three cylinders and should be installed by April. It will be used to produce improvements in the design of the 58JS3 and for more general research purposes, such as testing fuels and lubricants.

Friction grows between unions

● NEWS ANALYSIS—RAIL STRIKE

BY PHILIP BASSETT AND ALAN PIKE

THE HEADLINE. ASLEF's policy holds back drivers, appears not in a pamphlet produced by angry commuters, but in the latest issue of the National Union of Railwaymen's newspaper.

With an air of history repeating itself to the point of tedium, this week's threatened national rail strikes has once again highlighted the frequent differences of approach between the two unions representing British Rail manual workers — the Associated Society of Locomotive Engineers and Firemen and the NUR.

Officials on both sides are anxious that every rail dispute should not be automatically projected as an inter-union wrangle. Nonetheless, the position of the two unions — the very existence of two unions — is one of the fundamental issues of the industry. The arrival of Mr. Sidney Weighell, NUR general secretary, who had been away from his office unwell, at negotiations last week, will have done nothing to maintain even temperatures among the ASLEF leaders.

The issue is neatly depicted by two illustrations to an article by Mr. Weighell in Transport Review, the NUR paper. One shows a high speed train, and the other a shunting locomotive with the caption: "No comparison between these jobs."

In case anyone is left in doubt, Mr. Weighell spells out the position thus: "There is no justification at all for high speed train drivers being paid the same as a shunting locomotive driver. There is a sound case for some drivers, in view of their duties and responsibilities, to be paid very substantial rates of pay."

The NUR, which has a small minority of drivers among its members, believes that they should be rewarded on a classification system according to specific responsibility, like other railway staff. This is a logical view for an industrial union representing most of the industry's manual workers — 180,000 to

ASLEF continues to argue the exclusive drivers' case with forceful single-mindedness.

The railway industry, however, has undergone consideryears. ASLEF, which has failed to broaden the base of its membership, is less than half the size it was 20 years ago, and the NUR staff in the power signal boxes and other technicians at least share the drivers' status. In these circumstances it is not surprising if relations between the two unions are frequently uneasy.

The present strike threats can be traced back to a pay restructuring exercise in 1974 which left guards who work on paytrains feeling short-changed; because of pressure from the NUR, which represents the guards, the British Railways Board, in February last year, awarded them bonus payments of £2.50-£5.75 a week.

ASLEF insisted that, what it saw as a sectional payment, was in breach of the 1974 agreement, and demanded that the payment should be made across the board for all drivers.

The issue, after two national strike threats by the union, was considered by an independent tribunal on the claim, chaired by Lord McCarthy, of Nuffield CVollege, Oxford, who broadly rejected ASLEF's claim but awarded payments of £3.14 per turn to drivers of the high speed train.

Though the NUR has been accused of needlessly delaying a possible settlement of the ASLEF claim, and so of the national strikes, Mr. Weghell has pointed out that his union is under similar pressure from its members to get some money from productivity arrangements, but it has not called a strike, and so the next move is properly ASLEF's and not the NUR's.

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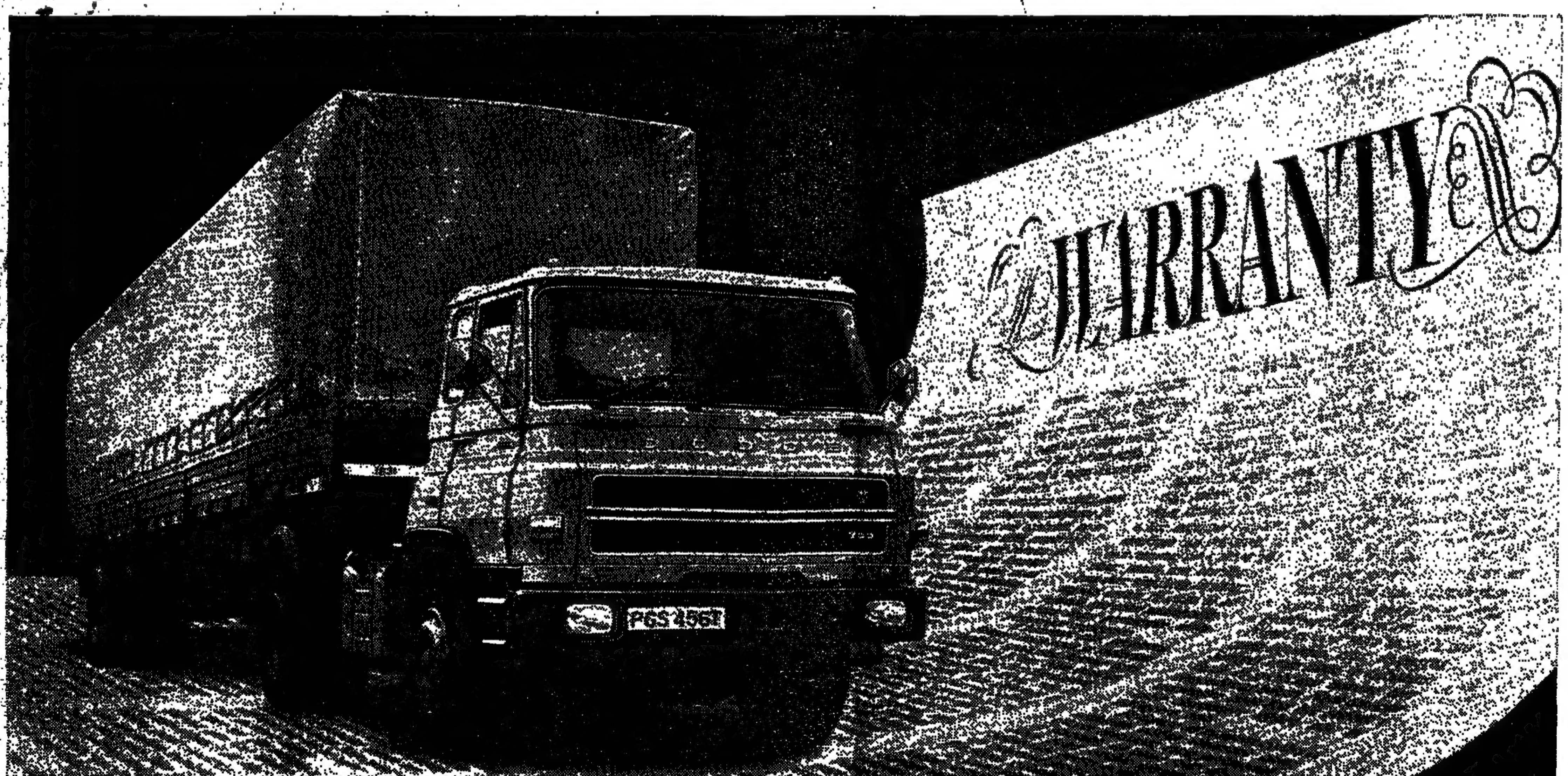

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CHRYSLER UNITED KINGDOM

How industry is being affected

STEEL

Output may be cut by 25%

BY MAURICE SAMUELSON

STEEL PRODUCTION is likely to be cut by a quarter this week as a combined result of the lorry and railway strikes.

British Steel Corporation last night forecast its first lay-offs towards the end of the week. BSC output is already down by nearly a fifth because of the lorry drivers' dispute.

Production fell last week from an expected 400,000 tons to 330,000 tons. This week's output was forecast at 300,000 tons.

Although picketing was said to be "easing off," and the impact was varied, all plants were affected, some seriously. One problem was the building up of stocks of finished materials, which would be accelerated by a rail strike.

Slowed

In the Corporation's Welsh plants, total UK production of tinplate, much of it for the canning industry, is slowing down and could stop in a day or two. Pickets began preventing delivery of plates early last week and only a few units are still working. Steel- and iron-making were continuing, but there were difficulties at the finishing end, and some rolling units have stopped.

The Sheffield division, which makes mainly special steels, said that there will be substantial reductions of output at most works in the next few days and that if the situation remains unchanged there would be no production at major works next week.

At Scunthorpe, Lincs., four of the nine blast furnaces have been damped down, two of them as a result of the strike. Production of rods is down to 50 per cent of normal, with only one of two mills being used at a time. Plates production, 40 per cent of which is normally carried by road, was also hit.

Damped

At Corby, Northants., production of tubes continued yesterday, but is likely to be affected by the end of the week, threatening to make 10,000 staff idle. With pickets preventing removal of finished tubes, the works is running out of storage space. But steel and iron making have not yet been stopped.

On Teesside, officials said the situation was "very fluid" and should become clearer today. However, incoming raw materials were reduced by one-third.

Supplies of ferrous scrap to steel works and docks were also "very heavily curtailed," according to the British Scrap Federation.

FOOD

Animal feed supplies blocked

By Christopher Parkes

THE FOOD and animal feed industries were sceptical yesterday about trade union assurances on the picketing of raw material supplies and the accuracy of Government claims that the situation was under control.

At least 60 per cent of vital proteins needed for pig and poultry rations were still being held in the ports, industry sources said.

The UK Agricultural Supply Trades Association, which represents the feed makers, is to meet Ministry of Agriculture officials this morning.

Manufacturers in the East Riding of Yorkshire, who supply many pig and chicken farmers in the region, warned that without a radical improvement in the supply of proteins they would be forced to stop all production tonight.

The association yesterday received a wave of complaints from the industry about "arbitary local decisions" taken by strike committees on the type of commodities and the quantities to be allowed through the pickets.

The association said it was "alarmed" by the mounting chaos. The effects on feed makers of the cut-off in protein supplies had been compounded by new restrictions on fats, vitamins and salt additives.

The human food industry was also dismayed by the increasing confusion. The Food Manufacturers' Federation reported that many members had complained that they were still being harrassed by pickets at factories, shops and docks.

The claim by Mr. John Silkin, Minister of Agriculture, that 80 per cent of food supplies were being delivered as normal, prompted a response from Mr. Ian Grant, chairman of Van den Burgh and Jurgens, the Unilever margarine and oils company.

Mr. Grant said his company had delivered "virtually nothing" for two weeks.

Appeals to the Government's regional emergency centres and the Transport and General Workers Union had yielded no help.

"Our employees have been warned that they can expect layoffs this week unless the situation improves," he said.

The impact of the strike has spread beyond the UK. Fish from British trawlers, for example, is being off-loaded in Europe where the extra supplies are reported to be depressing local prices.

● The British Agrochemicals Association warned that continued disruption by lorry drivers could hit food production in the UK later this year, *writes Sue Cameron.*

The BAA said pests of all kinds accounted for roughly 30 per cent of crop losses if left uncontrolled and it feared the strike would prevent vital chemicals reaching farmers in time for spraying.

The British Sugar Corporation said all factories were back in operation after the closure of the Felstead, Essex, processing plant last week.

Outgoing supplies, however, were down to 20 per cent of normal for retail outlets and 50 per cent for industrial use.

Tate and Lyle reported refined sugar deliveries ranging from around 70 per cent of normal in Scotland to none in the Liverpool area.

Cadbury-Schweppes was beginning to lay off staff. Shortages of bottles and containers were preventing production at some plants. Some 92 containers of products destined for export and worth £1.2m were blocked in transit.

Nestlé was also beginning to lay off workers.

SHOPS

Big stores to ration some foods

By Lisa Wood

SHORTAGES of several basic foods following last week's panic buying has prompted some supermarkets to restrict shoppers' purchases.

Shoppers appeared to have exhaused their drive to hoard food by the weekend, but multiples such as Tesco, Sainsbury and the Co-operative Wholesle Society all reported shortages of butter, margarine and sugar yesterday.

Although some supplies are getting through to warehouses one multiple yesterday attacked the Government for still being too complacenet in its attitude towards food supplies and said that if the picketing situation did not improve there could be acute shortages soon.

Sainsbury said that trade was up considerably last week but had fallen back on Saturday. While none of its shops would have to close through shortages, its supply situation was getting very difficult.

PORTS

Pickets called off to allow food supplies through

BY LYNTON McLAIN

PICKETS agreed yesterday to relieve ports and airports of some of the worst effects of the strike.

There were no pickets at Grimsby and Goole and merchants had no difficulty in distributing fish to markets.

Fresh fruit from the Canaries was discharged and distributed from the Osaka Reefer at Liverpool as pickets obeyed union instructions to release all perishable food.

Glasgow Airport, closed for 12 hours on Sunday evening as supplies of runway de-icing fluid ran out, was expected to be fully operational again after a successful appeal to the Middlesbrough strike committee of hauliers to release stocks from ICI's Billingham works.

The airport is the base for the air ambulance emergency service for the Western Isles of Scotland.

Supplies of the fluid were running out at Aberdeen. At Edinburgh Airport and at Prestwick, which handles most of the Scottish airports' trans-Atlantic cargo, stocks would run out by the end of the week if there was more freezing weather.

One of the two suppliers of de-icing fluid to Heathrow Airport, London, was still getting tankers through yesterday. There were adequate stocks at the airport, and—as at other airports—there was no picketing.

At the port of Felixstowe, the planned start of the port's first roll-on roll-off cargo service to Germany was cancelled as intense picketing again stopped all exports reaching the docks.

Export cargoes were still leaving Plymouth yesterday, as there was no picketing. Union officials will meet local drivers, however, today and picketing may be introduced.

The Port of London Authority said the position at Tilbury was getting progressively worse. There was growing congestion at docksides and along river wharves. There was space for containers, however, as quay areas normally used for export trade were used for imports.

But at Liverpool, the Mersey Docks and Harbour Board said shipowners were preparing to sail with empty containers rather than sit out the strike waiting for exports.

London's largest container terminal, at Stratford, was closed completely yesterday in the face of intense picketing by striking lorry drivers.

At Leeds, pickets allowed only Freightliner continers on Freightliner lorries into the terminal, but at Bristol the Freightliner termini operated normally.

MORE STRIKE NEWS, Page 10

MAIL

Foreign service delays growing

DELAYS TO overseas surface mail are growing, especially to destinations beyond Europe—but airmail services continue to operate normally, according to the Post Office.

Mail for U.S. servicemen based in the UK is, however, being brought in by special U.S. air force flights from the continent, to where the mail is re-routed.

Delays to domestic mail are expected to result from the one-day train strikes scheduled for today and Thursday. About 75 per cent of the 30m domestic letters handled every day by the Post Office travel by train for some part of their jorney.

MOTOR INDUSTRY

Bathgate workers sent home

BL laid off 700 at its Bathgate truck plant yesterday taking the total lay-offs within the former British Leyland group to more than 2,000.

The Austin Morris plant at Cowley is expected to suffer lay-offs today and the Longbridge factory tomorrow.

Ford, Chrysler and Vauxhall considered lay-offs would be necessary by the weekend, maintained Mr. Eric Varley, Industry Secretary, in the Commons yesterday.

He said he was in touch with all four big UK motor companies. The situation at BL was becoming very serious, he suggested, pointing out that any major disruption would mean the group being unable to make parity payments or move on the agreed productivity scheme because both were related to improved performance.

Rolls-Royce Motors said that its exports had been halted because of difficulties at the ports. Of RR's weekly production of 80 cars between 50 and 55 are usually exported.

Avon Rubber, the tyres group, also complained yesterday that it was running out of storage space. If the strike goes beyond the middle of the week we may have to start selective lay-offs."

NEWSPAPERS

Suspension risk as newsprint dwindles

BY MAX WILKINSON AND JOHN BRENNAN

MOST NATIONAL newspapers are now facing a serious risk that they will have to suspend publication because of disruption to newsprint supplies by the road haulage strike.

Mr. John LePage, managing director of the Newspaper Publishers' Association (NPA) said last night: "The position is highly critical. If newspapers do not get further supplies several may have to suspend publication in the course of the week.

He said the situation was particularly serious in Manchester where in spite of instructions from their national officers, pickets were stopping supplies from reaching the main publishing centres there.

In London supplies have been much diminished by the strike *and many papers have had to* reduce the amount of pages in order to conserve newsprint.

Most managements were taking a "wait and see" attitude yesterday. Stocks will probably last a few days, and they are hoping that enough supplies would come through to replenish stocks and to keep the presses running.

Express Newspapers has less than one week's supply of newsprint left. Mr. Nigel Broackes, chairing Trafalgar House's annual meeting yesterday, told shareholders that the newsprint supply for the Daily and Sunday Express, the London Evening Standard and the recently launched Daily Star is running out. Unless the transport strike is resolved within the next seven days the Express Group's "very grave" paper supply problems could force the *papers to stop publishing.*

TEXTILES

Stocks of cotton run low—wool exports delayed

BY RHYS DAVID

TEXTILE industry leaders in Lancashire are now predicting 40,000 to 50,000 lay-offs by the end of this week. Serious problems are also being reported in a number of other important textile centres, including Northern Ireland.

In Lancashire a number of mills are running low on stocks of cotton, with new supplies held u p in Liverpool docks. There are also difficulties in getting hold of man-made fibre produced in Northern Ireland.

Spinners in the area re lso being affected by shortages of tubes on which yarn is usully spun. These are normally sent out with the yarn and returned to the mill for re-use, but because of picketing the tubes are trapped in customers premises.

Credibility

In the weaving sector there are reports of growing yarn shortages while finishers who dye and print fabric or add special treatments re unable to obtain supplies of chemicals from ICI's Mond division, in Cheshire.

The Lancashire textile industry also expects to be increasingly affected later this week by the wter maintenance workers' strike in the northern Mnchester area. Spinners and weavers use piped supplies and are being forced, along with domestic users, to make economies. Finishers use water extracted from the river but these supplies are gradually becoming more polluted as result of problems at the treatment plants.

Weaving

The Yorkshire wool textile industry is also warning of lay-offs and is concerned that the industry's export credibility overseas will be damaged by delays in shipments of goods from Liverpool and Hull. The strike has come, however, after the industry's main selling season—the autumn—and at a time when orders are comparatively light.

In clothing the industry reports that employers have been able to sustain full employment by using stocks. If the strike continues, however, the entire labour force of 250,000 would have to be laid off within three to four weeks. The long term effects of such a stoppage, the sector warned yesterday, would be very damaging.

"In recent months the industry has been recovering from several years of poor trading. That recovery could now be halted and plans for expanding production and the workforce could have to be postponed for a long time," an industry spokesman said yesterday.

SMALL FIRMS

Prime Minister given shutdown warning

BY COLLEEN TOOMEY

BRITAIN'S 1¼m small firms, many of them doing important sub-contract work for big companies, face widespread closures this week if raw materials and stocks continue to be held up at factories and docks.

The Association of Independent Businesses warned Mr. James Callaghan in a letter today that small firms were being strangled by massive shutdowns in large companies, by the lack of supplies as big companies became more selective in their deliveries and by pickets.

One London company which exports car parts has had nothing from the manufacturers since Christmas. Turnover has dropped by 50 per cent since the lorry drivers' started and by the end of the month will have fallen by 80 per cent.

About 1,000 small companies are in some way reliant on BL and if the car and vehicle manufacturer closes at the end of this week, these concerns will have to lay off some 40,000 people.

The independent businesses association said another small firm employing 40 people to pack processed cheese would be forced to close, possibly for good, if the rail strike went ahead. The company, already having difficulty getting supplies and dispatching its product, has only one week's supply of cheese left.

Many furniture manufacturers are running short of raw materials as timber piles up at docks. In London alone there are around 20,000 cubic metres lying at the docks costing £30,000 a day in rent.

COAL

Power stations well stocked

HIGH STOCKS of coal at pithead and power stations are expected to prevent any significant effect of the lorry drivers' strike and the threatened train strikes on consumers.

However, there may be some shortages to coal merchants who rely on contract transport. These shortages may be felt by domestic consumers and by some small industrial coal users.

OIL

Norway supply route for North Sea oilmen

BY KEVIN DONE, ENERGY CORRESPONDENT

PICKETS AT ports and offshore supply bases in Scotland are stopping the delivery of some equipment to North Sea oil platforms, but the oil companies are not yet facing serious difficulties.

Several oil companies have contingency plans for supplying the platforms from bases in Norway if the road haulage strike continues to interrupt supplies from Scottish ports.

One U.S. oil company has already brought in supplies such as food, chemicals and lubricating oils from Norway and several other UK offshore operators are expected to follow suit later this week.

Yacht race date set

THE THIRD Whitbread round the world yacht race will start at the end of August, 1981.

This race for Class One fully crewed ocean yachts, takes in 27,000 miles through some of the most treacherous waters in the world. The race will start from Portsmouth and yachts will call at Cape Town, Auckland and Rio de Janeiro. The first race was in 1973 and the second was in 1977.

ROUND-UP FROM THE REGIONS

Drivers step up secondary pickets in North-west

BY OUR OWN CORRESPONDENT

SECONDARY PICKETING is being stepped up in the North-West by striking lorry drivers in defiance of instructions from leaders of the Transport and General Workers' Union.

A meeting of 600 drivers in Manchester voted to intensify pressure on companies not affected by the dispute and force the Road Haulage Association to settle.

Mr. William Astbury, chairman of the union's local strike committee, said haulage groups were willing to pay but the association would not let them.

"We want firms which are picketed to put pressure on the RHA to settle this dispute. If we relax things now we will be like the firemen and go back for nothing extra," he said.

Companies which received TGWU permission to move their goods are sometimes running into problems with the other union—the Manchester-based United Road Transport Union—which has also declared the strike official.

At British Salt, in Cheshire, union pickets are reported to have refused to recognise a TGWU letter allowing supplies of de-icing salt to leave the factory.

Pickets are also continuing to block goods from entering or leaving the port of Liverpool where the grain terminal is now reported to be full and unable to receive further supplies.

Problems are also reported at a number of industrial estates where pickets have been able to block access to a group of factories serviced by one main entrance.

At Winsford in Cheshire, a Tesco distribution centre is among the premises in an industrial estate being blockaded by pickets.

In St. Helens, British Sidac, manufacturers of plastic foam, claimed to have lost export orders worth £709,000 because supplies cannot be moved.

Figures for Scottish lay-offs likely today

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE GOVERNMENT'S emergency committee for Scotland is hoping to release today an accurate figure for the number of workers laid off because of the dispute.

The impression is that although some industries like fishing and food processing, textiles, pharmaceuticals and chemicals have been hit badly, Scotland is not as severely affected as some other regions.

Mr. Harry Ewing, the Scottish Office Minister responsible for the emergency service, said that 90 per cent of the calls handled by emergency rooms in Edinburgh and Glasgow were from farmers wanting to move livestock or animal feed.

These were being referred to local strike committees and the indications were that priority loads were getting through. There were few food shortages, although there was a little panic buying.

Secondary picketing was still going on but it was not as serious in Scotland as in England.

Leaders of the 15 Scottish strike committees met in Glasgow yesterday to clarify their policy over which goods would be allowed through picket lines. Mr. Archie Kirkwood, co-ordinator for the Glasgow area, denied that pickets had been ignoring the emergency procedures and that there had been violence on picket lines.

The Scottish CBI said the position in industry was gradually deteriorating. Major lay-offs could be expected by the end of the week or the beginning of next week.

Many firms had stocked up in anticipation of the strike, but were down to five or six days' supply of consumable items. Secondary picketing was also causing concern, the CBI said.

Mr. Kenneth Smith, assistant director, said: "We recognise this is an official dispute between the Transport Union and the Road Haulage Association, but we really cannot see why those people who are not directly involved should be getting drawn into this particular battle."

London exporters losing business

By Colleen Toomey

THE NEXT five days will be crucial for manufacturers in London and the South-East, the London Chamber of Commerce and Industry said yesterday.

Export orders are being irretrievably lost, with hundreds of thousands of pounds worth of goods being locked in by pickets. Some companies face closure while short-time working has already begun in the cake, biscuit and confectionery industry. Other sectors including glue, adhesives and tea, which rely totally on imported raw materials held up at the docks are also expecting short-time working or even lay-offs by next week.

With export delivery dates being missed by many manufacturers, overseas customers are now beginning to cancel orders.

In London around 25,000 employees have already been laid off, according to industry sources. Secondary picketing in London and the South-East is still evident outside factory gates and own-account vehicles are being turned back by picketers, the Freight Transport Association said yesterday.

In the south, Pirelli's Southampton factory producing electrical goods, may have to send 2,000 workers home in the next two weeks if supply and delivery problems do not ease.

An animal feed supplier in Southampton with 65 vehicles has been unable to get the majority of goods from the docks as only half his drivers carry TGWU cards allowing them to pass through the picket lines.

Several London companies have complained to the Confederation of British Industry of "highwaymen tactics" employed by strikers on their lorries.

The CBI has been told that there have been pickets on motorway approaches and some lorry drivers have been forced into lay-bys by "flying" pickets in cars.

Midlands companies face fall in orders

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

casualty of the road haulage dispute in the Midlands, with more than 23,000 workers laid off by last night and the number expected to climb sharply from the middle of the week.

The Confederation of British Industry in the West Midlands said companies reported a drop in orders as the dispute began to take its toll upon production.

Secondary picketing by haulage drivers has been spasmodic but effective. Supplies of steel, aluminium, brass and chemicals have nearly dried up.

The only good news for industry yesterday was that supplies of fuel to the West Midlands were being restored following the decision of 62 Texaco drivers to stop their unofficial picket of the important Kingsbury oil terminal, at Tamworth.

Many garages in the region are still closed and it is expected to be at least two weeks before supplies are restored to anything like normal.

Pickets eased in S.W.

IN the South-West and Wales, some 4,000 lay-offs at Clark's of Street, the shoe manufacturer, have been averted—at least temporarily—following a relaxation of secondary picketing at the company's factories.

Last week, intensive picketing initially prevented the movement of products between factories. Some 700 were laid off almost immediately and the company announced that up to 4,000 would have to be laid off by yesterday.

But with picketing no longer affecting the company's own vehicle fleet, the imediate threat to employment has receded. The company emphasised that only certain raw materials were entering its plants and no finished shoes were leaving. If the strike continued, lay-offs would become inevitable.

A similar relaxation in secondary picketing is reported at ICI's Avonmouth complex and at a local food manufacturer and wholesaler. But generally speaking, secondary picketing in the area is reported to be "alive and well," sufficient to trigger mass lay-offs later this week.

Engineering lay-offs predicted next week

By Colleen Toomey

ENGINEERING companies, which have yet to feel the full effects of the lorry drivers' dispute, could be hit next week as other industry sectors relying on components shut or cut production.

Car Components make up one-third of Guest Keen and Nettlefolds' output, and could be affected by closures at BL and Ford.

Companies in the West Midlands have been hit by both the lorry drivers' strike and a critical fuel shortage. The Engineering Employers' Federation, which began monitoring the effects of the strike on the industry yesterday, said that most companies were struggling on and few had sent people home. Some companies, it said, had only four or five days' supplies left.

The federation, whose 6,300 members employ about 2m people, said that lay-offs would begin next week if the dispute continued.

GKN Sankey's West Midlands plating plant yesterday laid off 108 of its 140 employees, and Caterpillar Tractors in County Durham sent home 500.

Ulster industry seeks release of raw materials from docks

BY OUR BELFAST CORRESPONDENT

INDUSTRY IN Ulster made a special plea yesterday for the release of vital raw materials from the docks in a bid to keep factories ticking over during the strike.

As the prospect of serious long-term damage to the economy loomed, the local branch of the Confederation of British Industry and the Northern Ireland Chamber of Commerce asked Mr. Don Concannon the Minister of State responsible for industry, to approach local transport union leaders.

Their efforts came as conciliation officers of the Northern Ireland Labour Relations' Agency had separate meetings with both sides in the dispute. However, these talks were only exploratory, and held out little hope of any immediate change in the attitude of the province's 5,000 lorry drivers.

The plight of manufacturing industry in general was hard to gauge, because of number of factories had brought back employees who were laid off when the unofficial action of Ulster's tanker drivers cut fuel supplies.

About a quarter of the province's petrol stations were back in business, following the tanker drivers' resumption of work yesterday.

The man-made fibres sector, which employs 9,000, is operating at about 25 per cent of volume, and it predicts big lay-offs within days. Courtaulds will have sent half its work-force home by later this week, as its stocks of raw materials dwindle.

Belfast harbour is handling only half the normal number of ships and most of these are from foreign ports. About 1,200 containers are strike-bound on the dockside. Ferry sailings from Ulster to Britain were cut further yesterday because of the fall in freight traffic.

There was evidence in the shops that some foods were running short, and the big supermarket chains reported that deliveries from Britain were stopped. However, other products, like sugar, are continuing to be imported from the Irish Republic.

The province is now faced with the threat of a complete shutdown of the railways within the next fortnight, because of a pay dispute involving 800 workers, employed by Northern Ireland Railways.

An unofficial strike yesterday on one line stopped all services to the port of Larne, in Co. Antrim. An agreement, covering railway workers in three unions, allows them to maintain a constant differential with their counterparts in British Rail, but this has now run up against the 5 per cent guidelines.

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'We are not near a crisis'—Rees

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE Government has no intention at this stage of proclaiming a state of emergency over the road haulage drivers' dispute, Mr. Mervyn Rees, Home Secretary, told the Commons yesterday.

But he warned that the Government would be ready to call on the assistance of the services or declare an emergency if priority arrangements failed to ensure the supply of food and other necessities.

Facing Tory criticism as Parliament re-assembled after the Christmas recess, Mr. Rees insisted "We are in control, and we are not near a crisis."

The Home Secretary stressed that even the declaration of an emergency would not solve the problems resulting from the stoppage.

"The House should be in no doubt that any contribution the services could make could provide only a small fraction of the goods which can be moved under these priority arrangements.

"No contingency measures open to the Government will significantly ease the disruption of industry or reduce the number of men laid off as a *result of these disputes*."

The Conservatives concentrated their main attack on secondary picketing by the lorry drivers, and argued that this was accentuating the effects of the strike and worsening the shortage of essential supplies.

According to the opposition, legislation by the Labour Government had widened the opportunity for picketing of companies which were not *directly* involved in a dispute.

Mr. Rees, however, strongly denied this, and declared: "There is no need for a change in the law."

He emphasised that the Transport and General Workers' Union was trying to limit secondary picketing. It had informed its regional offices that their dispute was only with firms belonging to the Road Haulage Association.

He reminded the House that the union had recommended to its regional committees the list of priority supplies that the Government had said should be moved. In most cases, this recommendation had been adopted.

In some areas, however, strike committees and pickets are refusing to follow the recommendations of their union *and the movement of essential* supplies is still being obstructed.

There were also some instances where secondary picketing was going beyond the section of the industry which was involved in the dispute.

Nevertheless, Mr. Rees felt that to declare a State of Emergency now would not improve the situation. It would only distract the armed forces from their normal duties.

In a fairly low key intervention, Mr. William Whitelaw, Deputy Leader of the Opposition, promised the Government the full co-operation of the Conservatives in the task of maintaining essential supplies.

He said that, contrary to the agreement between the Government and the TGWU, essential supplies were still not getting through some picket lines. Secondary picketing of firms and vehicles not involved in the disputes was still taking place.

He asked Mr. Rees: "As you appear, late in the day, to appreciate the real dangers of this secondary picketing, will you give an assurance to the House that the Government will take urgent steps to deal with this extremely dangerous development?"

There was considerable support for the striking lorry drivers from the Labour back benches.

Mr. Roy Hughes (Lab. Newport) a TGWU-sponsored member, said it would be wise of the Government to give priority to the just claim of the road haulage drivers.

He suggested that this should be done outside the pay guidelines in the same way as the BBC technicians' strike had been settled over Christmas.

The issue of secondary picketing was raised by Mr. John Pardoe, Liberal economic spokesman, who wanted to know if the Government believed this to be illegal. If so, the Home Secretary should instruct Chief Constables accordingly.

Mr. Rees retorted: "I have no power to instruct Chief Constables in their duty. They know the law."

This brought Opposition shouts of: "You tell us."

The Home Secretary went on: "What is clear is that picketing is, in general, in breach of the criminal law only if it involves obstruction or a breach of the peace.

"I have had reports from all over the country but so far picketing has been peaceable in general. As long as this is the case police have no grounds for action."

He reminded Mr. Paroe that Liberals had joined with the Conservatives in defeating the Government's 5 per cent pay policy in the Commons vote last month.

"Those that believe in free collective bargaining have to live with the consequences of it," he observed.

From the Tory benches, Sir David Renton (Huntingdonshire) said the Government was responsible for the increased power of the unions. Therefore, it should now live up to the reality of the situation and reduce that power.

"Isn't the real trouble that the trade unions have immense power and no responsibility?" he asked.

But Mr. Rees told him: "Our job is to continue to work with the trade union movement and harness their power in the service of the community."

Many strange things had been said in the last few days about the law of picketing. But the truth was that it remained the same as in 1906, apart from the amendment made by the Labour Government, placing restraints on the picketing of a person's home.

Terry Kirk

Mr. Merlyn Rees

The Home Secretary placed much of the blame for the current situation on the Tories. They had voted against the Government's pay policy in December and we were now faced with the reality of "Thatcherite free collective bargaining."

Ashley Ashwood

Mr. John Silkin (left) and Mr. William Rodgers leaving yesterday's Cabinet meeting.

Draft manifesto avoids EEC withdrawal threat

BY ELINOR GOODMAN, LOBBY STAFF

LABOUR'S manifesto for the European elections will stop short of threatening Britain's withdrawal from the Community if proposals to be discussed by the party's policy drafting committee tomorrow are accepted by the party's national executive.

Rather than calling for withdrawal, the plan now being circulated demands fundamental reforms in the way the Community is organised and financed.

They call for a sharp reduction in the EEC's total budget, and not just the re-distribution of the present "bloated" amount, and an amendment to the European Community Act to ensure that European legislation was not automatically *applicable in this country*.

Fundamental to the reforms demanded would be changes in the *much-criticised* agriculutral policy. In the event of these changes not being forthcoming, Britain might refuse to co-operate with the operation of the Common Agricultural Policy.

Nevertheless, the draft manifesto prepared by Transport House, and circulated to members of the executive, makes a shift towards accepting Britain's continued membership of the community as inevitable.

Though extremely critical of the way the community is working, the document comes closer to the Prime Minister's own view—that Britain should try to reform the community from inside rather than outside—than most previous uolicy statements by the party.

Despite the opposition of many anti-Marketeers to the whole idea of direct elections, the document stresses that it *is vital that Labour is strongly* represented in the EEC Parliament if it is to push through the necessary reforms.

Unlike the manifesto for the British election, the manifesto for the direct elections does not have to be approved jointly by the cabinet and NEC.

Instead, it is being left to the NEC and there were fears among some Ministers that the result would be the Labour party presenting the electorate with two different, and possibly contradictory, policy statements on Europe in the different elections to be held this year.

Anti-Marketeers on the executive may argue, however, that the draft goes too far towards accommodating demands of the Prime Minister and other socialist parties in Europe.

They may insist that withdrawal is retained as a final sanction against failure to meet the party's demands for a total reform of the Community.

The research department at Transport House seems to have tried to avoid a split between the party and the Government. Nevertheless, the draft manfesto will not be welcomed in anything like its entirety by the Prime Minister.

Included in it is a repeat of what are described as the party's economic policies. These *include a number of ideas, such* as the taking into public ownership companies occupying a dominant position within the economy and the negotiation of planning agreements, which the Government has so far avoided.

The draft makes no mention of EMS as such but repeats the party's view that the exchange rate is an essential instrument of economic policy and it should be up to individual member states to determine, as far as they can, the value of their own currency.

Much emphasis is put on the need to reform CAP, long one of the prime targets of anti-Marketeers of all shades.

If major reforms are refused, it says, Britain might be forced seriously to consider the possibility of ceasing to co-operate with the operation of CAP.

At the very least, the Government would give notice that it intends to refuse to accept any further increases in support prices in the absence of fundamental reforms.

Smooth delivery of speech

BY PHILIP RAWSTORNE

MR. MERLYN REES, encountered surprisingly little trouble from the Tory pickets as the Commons resumed its essential services to the country yesterday.

The Home Secretary arrived with a vital supply of political explanations and was allowed to unload them without obstruction.

Whatever shortages may be felt in the next few days, a glut of politics is *confidently* predicted.

"We are in control and we are not near a crisis," Mr. Rees declared hopefully.

If a crisis should develop, the Government had prepared emergency action to deal with it.

But the Home Secretary warned: "No contingency measures open to the Government will significantly ease the disruption of industry or reduce the number of men laid off as a result of these disputes."

That said, Mr. Rees began belligerently to apportion other responsibilities.

Mr. John Pardoe, the Liberal spokesman, Mr. Norman Tebbit, the Tory rightwinger, and Mr. Roy Hughes, the Labour leftwinger, were all brusquely reminded that they had supported free collective bargaining.

It was no use them complaining now that they had it, *snapped* Mr. Rees.

"Those who believe in free collective bargaining have to live with the consequences of it."

Mr. William Whitelaw inspected the Government's statement and expressed gratitude for its reassuring delivery.

The Conservatives were disturbed, however, by the secondary picketing that was still blockin gsome supplies. "A dangerous development," he observed mildly.

There was nothing new about secondary picketing, Mr. Rees retorted sharply. The law had been virtually unchanged since 1906 and the Conservatives had seen no need to amend it in 1974.

The transport union was actively discouraging its members *from such action*—and he preferred to leave it at that for the present.

When the Government had been forced to remove sanctions from the private sector, it had been a signal for chaos, he said, amid muted protests.

The effects could go wider than the present industrial situation, Mr. Rees forcefully reiterated to militant Labour MPs, like Mr. Eric Heffer and Mr. Dennis Skinner.

"If everyone gets 15 per cent, we shall be back on the road to heavy inflation," the Home Secretary said.

Mr. Skinner advised him to listen to the workers. "I prefer to listen to the people in my constituency who say we shall be no better off at the end of it," Mr. Rees replied.

With the Home Secretary so starkly on the offensive, Sir David Renton encouraged him to face reality, and to tackle the excessive powers of the unions.

Mr. Rees shook his head vigorously. The Government's job, he said, was not to hamstring the union cart-horse, but to harness its powers in the service of the community.

NEB to investigate bribe allegations

BY IVOR OWEN

FURTHER inquiries are to be made by the National Enterprise Board into renewed allegations by Labour MPs that Allied Investments paid a "£3m bribe" to secure the consultancy contract *for services* to the Saudi Arabian Armed Forces' medical services department.

The "£3m bribe" charge was revived in the Commons yesterday by Mr. Christopher Price (Lab. Lewisham W) with support from other Labour backbenchers.

They persisted in the allegations, despite being told by Mr. Gerald Kaufman, Minister of *State for Industry, that the* NEB had re-affirmed that it had received categorical assurances that no bribe was paid.

The NEB has a 70 per cent stake in United Medical Enterprises which owns Allied Investments, whose chairman is **Sir Richard** Marsh, the former Labour Cabinet Minister and chairman of British Rail.

Mr. Kaufman said that, following exchanges in the House last November, the NEB had re-affirmed that it had received categorical assurances that no payment was made directly or indirectly by the Allied Medical Group to anyone concerned with or acting for them to obtain the consultancy contract.

Similar assurances were secured by NEB before its acquisition of shares in the company.

Mr. Jeff Rooker (Lab. Birmingham *Perry Barr*) *claimed* that the legal adviser of Allied Investments had admitted the "£3m bribe" in proceedings before Mr. Justice Smith.

He called on the Minster to secure some "positive action."

Mr. Kaufman replied: "I will certainly take up this matter with the NEB."

Mr. Denis Skinner (Lab. Bolsover) sharply criticised Sir Richard Marsh who, he said, had risen to Tory Boardrooms via the Labour movement.

● Allied Investments is owned by the National Enterprise Board and is chaired by Sir Richard Marsh.

In 1977, the NEB went into partnership with Allied Investments in a company called United Medical International, designed especially to win hospital contracts overseas.

By early 1978, it was decided that the best course was for the NEB to take over Allied completely and sell off its UK hospital services side, which included Champneys health farm.

The £8.1m takeover bid was successful and Allied was absorbed into United Medical Enterprises, a new company formed specially, in which the NEB owns 70 per cent. The other shareholders are Commercial Union, Orion Bank and London Trust.

Shortly after the takeover was announced, Allied won a £250m contract from the Saudi Arabian Defence Ministry to equip and manage the new Riyadh military hospital and the Al-Kharj hospital.

At the same time Allied also announced that it had lost £34,000 pre-tax for the six months to October 1977, compared with a £309,00 profit in the comparable period.

Anti-Assembly leaflet

BY RAY PERMAN, SCOTTISH CORRESPONDENT

SCOTLAND Says No, the main group campaigning against devolution, yesterday issued its first leaflet attacking the proposed Scottish Assembly.

It said the Assembly would do nothing for industry or employment but would threaten the unity of the United Kingdom.

The group, which has the support of several large companies and prominent industrialists, as well as most of the Conservative Party in Scotland, intends to distribute the leaflet widely in the run-up to the March 1 referendum.

It asks: "Have you found out what the Scottish Assembly would really mean to you?" It then gives answers for employees in various industries.

Package priority plea

BY COLLEEN TOOMEY

PACKAGING for food and other essential *goods* should be added as a matter of urgency to the agreed priority supplies list, the Freight Transport Association told the Department of Transport yesterday.

If this is not done, the FTA said, supplies of many canned and packaged lines will come to a halt.

It is ironic that although exempted essential goods and foods rely on companies such as United Glass, Metal Box, British Cellophane and ICI for packaging, they cannot complete the process for lack of containers.

Packagaing companies have all been hit by heavy picketing at the docks, outside their factories and customers' plants.

Raw materials are in short supply and thousands more lay-offs are on the cards this week.

Courtaulds' £129m British Cellophane plant at Bridgwater may send its 2,000 workers home today.

Nothing has moved in or out of the Bridgwater site for at least week because of picketing and customers are not taking orders as they too feel the pinch.

Export orders are also threatened and many customers beginning to turn to alternative suppliers. *More than 60 per cent* of all British Cellophane's sales come from exports.

Metal Box is suffering a similar fate and further lay-offs could some within the next week.

Midlands banks to merge

The Birmingham Municipal Trustee Savings Bank and the Trustee Savings Bank of the Midlands are to merge, in May, to form the Trustee Savings Bank of Birmingham and the Midlands.

The new bank with 114 branches will safeguard funds of £290m for 913,399 customers.

Ministers 'not under Civil Service thumb'

BY OUR PARLIAMENTARY STAFF

ASSERTIONS that Whitehall is effectively under the control of the top echelon of the Civil Service with Ministers reduced to the role of passive onlookers, were denied by Mr. Charles Morris, Minister of State for the Civil Service, in the Commons last night.

Ministers, he *insisted*, were able to make "their wishes clear' and to get them carried out.

But Mr. Morris clearly failed to allay the suspicions of many back bench MPs during the debate on the major report on the Civil Service by the general *sub-committee of the Expenditure* Committee.

There was scornful laughter from Mr. Brian Sedgemore (Lab., Luton W.), author of a highly critical minority report which referred to a "Vichy mentality" in the Civil Service.

He dismissed the idea that Ministers were the victims of a "conspiracy' in Whitehall.

Mr. Morris was adamant that Civil Servants stuck to their role of advising Ministers. They did not seek to force their own opinions on Ministers.

He ruled out any major change in the accountability of Civil Servants to Parliament and strongly defended existing arrangements.

"The political accountability of the Civil Service rests on one simple proposition—that Civil Servants are fully accountable to Ministries for the way in which they did their pobs and Ministries, dn turn, are fully accountable to Parliament.

"This is the basic pattern of accountability within the framework of our constitutional procedures."

Mr. Morris sidestepped the committee's recommendation that the Comptroller and Auditor General should be given an enlarged role which would include examining the management, efficincy and effectiveness of the Civil Service.

He pointed out that the role of the Comptroller and Auditor General was also to be the subject of reports by the Public Accounts committee and the House of Commons Procedure Committee.

"In the light of these reports the government will wish to make its own views known in due course," he said.

Mr. Edward du Cann (C., Taunton), chairman of the Public Accounts Committee, called for speedier action both in the consideration of Select Committee reports by Parliament and in their implementation by the Government.

He described the Government's response to a series of rcommendations by the Expenditure Committee for improving financial efficiency and accountability to Parliament as disappointing.

Mr. du Cann maintained that it was the inescapable duty of MPs to see that the growing amount of public spending was subject to full Parliamentary control and scrutiny.

He rejected talk about the "amateurishness" of the Civil Service. "It is this Parliament which is amateur and which sets so poor an example of competence and effectiveness."

Mr. Michael English (Lab. Nottingham W), chairman of the general sub-committee, accused the government of "complacent arrogance" in refusing even to discuss some of the committee's recommendations.

The Government had rejected all those recommendations relating to efficiency but had accepted those on pay and pensions.

The sub-committee had suggested that the ultimate responsibility for monitoring the control and efficiency of the Civil Service should be vested in teh Treasury. The Civil Service unions, however, were very much against this and the Government had not yet made up its mind.

The sub-committee had also suggested there should be what could loosely be termed "an efficiency commission" on the *Civil* Service.

In evidence to the committee, the Inland Revenue, the Treasury and the Civil Service Department had all said that it was not their job to monitor efficiency. So what was clearly needed was some new organisation similar to the Law Commission, said Mr. English.

Licences move

THE MAIN UK accountancy bodies have formally applied to the Office of Fair Trading for group licences under the Consumer Credit Act. 1974.

So far the only professional body to be granted a corporate licence is the Law Society.

CONSTRUCTION

Builders facing threat to materials supply

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE MOVEMENT of essential materials for the construction industry is being hit by the road haulage strike.

So far few contractors have reported difficulties in maintaining site work because of material shortage. But they are anxiously examining their contractual liabilities in case they fail to complete projects on time because of delivery problems.

Many of the contractors should not be directly involved in the strike as they have signed, through the National Federation of Building Trades Employers, a separate, centrally negotiated agreement with the TGWU.

The union has reminded all regional officials that drivers engaged in construction industry work have another agreement and that they are not in dispute.

Impact

But while the contractors wait and see how far the instruction is followed and what effects secondary picketing have on materials supplies, the impact on the material producers themselves appears to be growing worse.

The National Council of Building Material Producers predicted lay-offs within the industry this week, as deliveries to and from many manufacturers were being frustrated by picketing.

It said that while cement, sand, gravel and ready-mixed concrete suplies should not be affected by the drivers' action as most suppliers operated their *own transport fleets*, supplies of other materials were expected to be hit. It was, however, difficult to assess the impact of secondary picketing.

Cement, however, could be affected by the rail dispute and timber imports were being held up at ports within and outside the UK, incurring charges which would inevitably be passed on to the customer.

British Gypsum, which has mines and plants throughout the country and uses its own lorry fleet as well as contracted transport, said deliveries had been progressively getting worse since the dispute began.

Pilkington Brothers has already laid off 500 workers in the process area of its plant in St. Helens, Lancashire, because of problems in dispatching finished goods to customers.

United Glass said its seven main manufacturing plants were working at half-capacity because of a shortage of raw materials, but it did not envisage any lay-offs this week.

Amey Roadstone, concrete and aggregate suppliers, said that its Greenwoods Transport road haulage subsidiary had now closed its 13 depots.

Its main business was being affected by picketing and disruption to supplies, although few of its own employees were directly involved in the dispute. Some employees on Humberside had already been laid-off after "severe picketing."

DRUGS

Picketing may hit medical supplies

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THERE WERE fears last night that the lorry drivers' strike could lead to a shortage of vital drugs—despite the Transport and General *Workers'* Union dispensation on essential medical supplies.

Drug companies said yesterday that the strike had stopped their supplies of raw materials. Beecham said it had curtailed production of some antibiotics. All its manufacturing was now being done on a "hand-to-mouth" basis.

The Health Department said hospitals were not yet reporting a drugs shortage but admitted supplies of caustic soda, pure alcohols, hydrochloric and sulphuric acid—which is used in the production of antibiotics—were not getting through to pharmaceutical companies. The department said that if the strike continues and supplies start to run out, the lorry drivers' action could "start to bite harder."

Boots also reported difficulty in obtaining raw material supplies even though finished drugs and other medical supplies were being allowed out of its factories under Transport Union dispensation. The company said consignments of such things as liquid sugar-used in *the making of both medical and* non-medical goods—were not being allowed through by pickets.

On Sunday, the strike forced ICI to close its 250,000 tonnes-a-year sulphuric acid plant in Cheshire—ICI is the main supplier to Beecham Pharmaceuticals. ICI said the situation was deteriorating in all areas of production. None of its plants *was now running at full* capacity and in some cases production was only 25 per cent of its usual level.

Shell Chemicals UK said it was still operating most of its plants but it added that it could only continue doing so for "a matter of days."

The company estimates it is losing £1 a day in turnover. BP Chemicals said its storage capacity was already "severely stretched" but it stressed that it had no immediate plans for closing down plants or laying off employees.

Poisonous gas cloud our fault, says BP

BY SUE CAMERON

BRITISH Petroleum yesterday admitted responsibilty for the cloud of poisonous hydrogen sulphide that drifted over central Scotland at the weekend. The group also disclosed that there had been an accidental emission of the same toxic gas from one of its Hull plants on Sunday—and it blamed that incident partly on the lorry dispute.

BP said the Scottish gas leak was caused by freak weather while that in Hull was the result of a technical error. The group added that one reason fo rthe technical trouble at Hull was the road haulage strike which had led *to the plant running* at well below its normal capacity.

Seven tons of foul-smelling gas that passed from Fife in East Scotland to the West coast, causing distress to thousands, came from BP's refinery at Grangemouth.

The hydrogen sulphide produced there is a by-product of petroleum refining and is normally flared. But weekend temperatures fell to minus 27 degrees Centigrade and the flare stack failed for the first time to ignite.

The cold was also partly responsible for the escape of hydrogen sulphide at the Orobis plant—Orobis is an associated BP company—in Hull.

A furnace at the plant, which produces oil lubricant additives, failed to draw properly because of bad weather and it was while this was being dealt with that the gas escaped.

Hydrogen sulphide is both poisonous and inflammable and it is lethal in high concentrations. *But it is the gas* that can most easily be detected by the human nose—it is identifiable in concentrations as low as 0.03047 parts per million of air. In small doses it causes headaches and throat irritation.

People in Scotland and Humberside complained to police and health authorities about the foul smell—similar

Brick industry 'can save energy worth £11m'

ENERGY WORTH more than £11m a year could be saved in the brick manufacturing industry according to a report published yesterday by the Department of Industry.

Savings of 5 per cent could be made merely by the adoption of "good housekeeping" methods and through minor repairs such as sealing leaks on kilns, repairing doors on dryers and lagging pipes.

Limited capital expenditure on measures such as the insulation of dryers and improved instrumentation could give added savings of as much as 10 per cent on the industry's fuel bill.

The report, prepared by the British Ceramic Research Association under the Department's Industrial Energy Thrift Scheme, covers the bricks, fireclay refractory goods sector.

En rgy Use in the Bricks, Fireclay and Refractory Goods Industry, Department of Industry, Ashdown House, 123 Victoria Street, London.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PROCESSING

Continuous bonding

EQUIPMENT for the continuous bonding of high-pressure laminates to one or two sides of substrate simultaneously, using water-soluble PVA glues, is being marketed in Europe by Evans Rotork of Bath, Avon. The system will, in some cases, cut glue-line costs by up to 90 per cent.

Evans Model 4250 laminating system may be the first to offer a continuous process for high-density laminating at rates from 4 to 7 metres per minute (12-22 fpm).

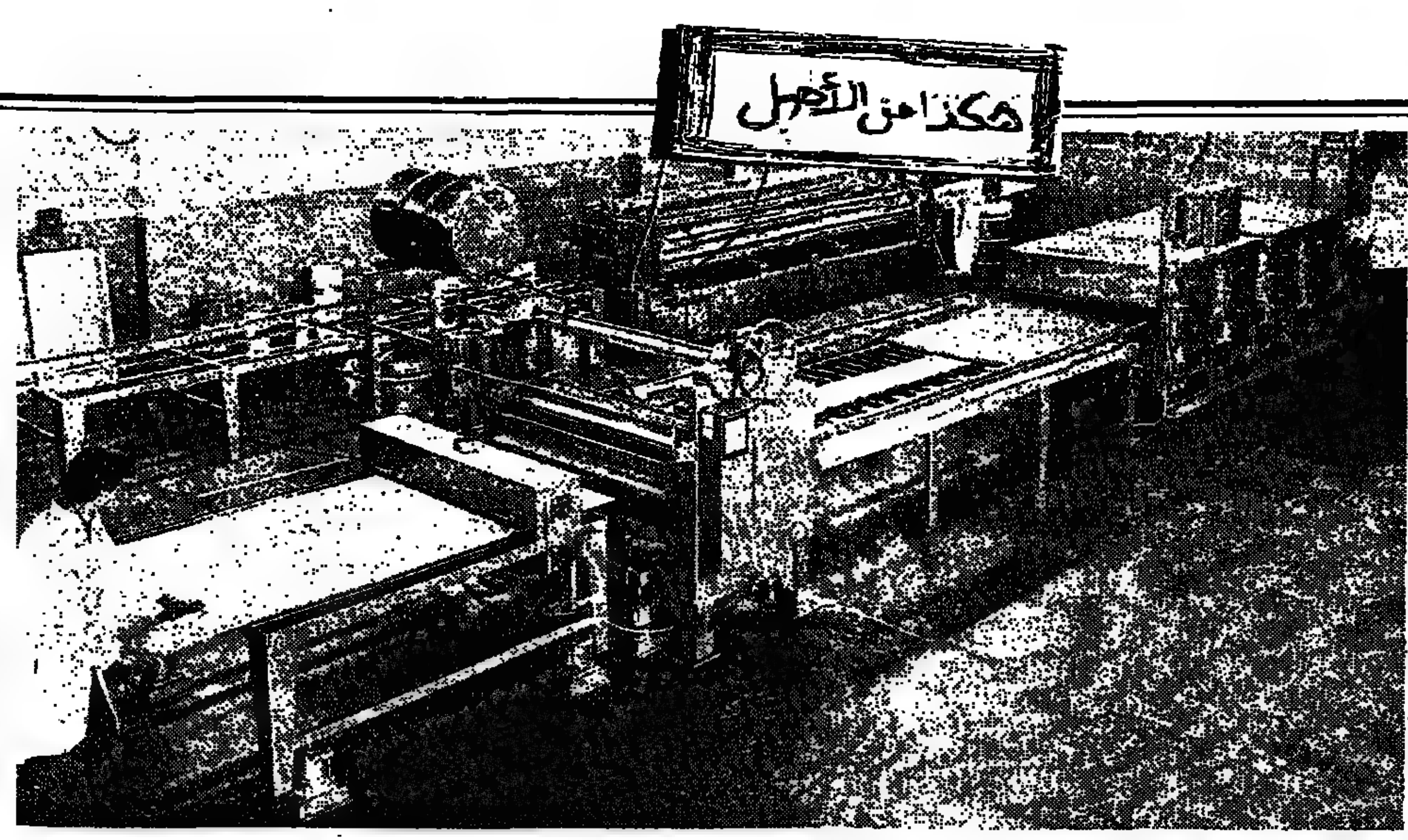
Using PVA, Model 4250 produces a glue-line cost of about 12 per cent that of any Neoprene system and has the added advantage of obviating special precautions which have to be taken where solvent-based Neoprenes are used.

Capital cost is much less than that of a flowline multi-daylight press system and, coupled with the fact that short runs need not tie up a cold press for long periods of time, the system is believed to be the most economic method of applying high-pressure laminates.

Typical production line equipment would consist of brush cleaning station, glue-spreader, index table and heat tunnel. It could be put "in-line" with existing high-speed postformers. The system will accept tops with built-up cores and widely overlapping laminate on either the top or bottom of the substrate.

One of the great advantages claimed for the system is ability to laminate panels of differing sizes successively with minimum set-up time, thus eliminating such problems as the packing of presses and distortion of platens and rams. This is expected to be of particular interest to trade laminators who have to cope with a variety of batch sizes.

Evans Rotork, Lower Weston, Bath, Avon. 0225 28451.



The Evans Rotork continuous panel laminating equipment. From left to right: the feed table, glue applicator, indexing table and heat tunnel.

Makes a new side wall

DEVELOPED AND manufactured by Retreading Equipment of Alton is a tyre-sidewalling machine which bonds a 1 mm layer of rubber on to the sidewalls of lorry tyres that have been retreaded or have undergone a sidewall repair, in order to improve the appearance.

The company believes that the machine will make it possible to repair and process basically sound casings which might otherwise be unacceptable because of safe but unattractive repairs, kerb scuffing or superficial crazing.

Easy to use and electrically operated (no steam is required), the machine consumes 6 kW and perforsm curing in 20 minutes.

Finish can be as fine in appearance as a new tyre, claims the company, and moulding plates are incorporated to impress the relevant data on the sidewall including the name of the processor, the ply rating and serial number of the casing and an indication of radial or cross-ply construction.

More from Newman Lane, Alton, Hampshire GU34 2QR (0420 82122).

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Telephone: Medway (0634) 401721

New Belgian projects

SYNFINA, wholly owned subsidiary of Petrofina, has increased its capital to BF 160,000,000, in order to develop two new projects.

The first, based on Hitachi Chemical technology, is connected with the production of reticulated polyethylene. The second project deals with the production of extruded polystyrene sheets for insulation purposes.

Both these projects are related to the manufacture of products not so far made in Belgium.

● METALWORKING

Aids faster forging

SIGNIFICANTLY higher rates of production allied to more economic operations and an overall improved cost-saving component finish have been achieved with the introduction of a specially-formulated barrier lubricant in press-forging operations carried out by Spear and Jackson.

Guardian 848 is the formula and it was developed as a heat and pressure-resistant lubricant for production processes carried out in working temperatures of plus 500 degrees C.

The lubricant has made a substantial internal saving for the company by reducing the number of operations to produce the finished article, extending the wear life of dies, and improving the overall finish of the manufactured item.

In the manufacture of axe-heads at each unit-forming "strike," the compound has been instrumental in reducing billet temperatures from around 1,500 degrees C to 1,225 degrees C and increasing die life by 200 per cent.

Hourly production rate of 14 lb sledgehammer heads has been increased by 300 per cent, and die life by some 500 per cent.

Guardian Barrier Lubricants, Guardian House, 92 Foxberry Road, London SE4. 01-692 8943.

Grinder for simple jobs

VICTA ENGINEERING has redesigned its Victa Eagle hand operated grinding machines.

At the moment there are four versions available—two for dry and two for wet grinding, the table sizes being 18 in x 6 in and 18 in x 8 in — one dry and one wet in each case.

These machines have a robust column and drive giving maximum rigidity and accuracy during grinding.

The drive is from a 1½ hp motor giving a wheel speed of 2,650 rpm using an 8 in diameter wheel. The wet versions have an integral coolant pump and tank. This range of grinders is the answer for the general engineering, toolroom, development and training areas. To make these machines more universal during the changeover period to metric, each machine is equipped with dual inch/metric dials allowing the machines to be used for both inch and metric work.

Victa Engineering Co., Maiders Lane Trading Estate, Pinkney's Green, Maidenhead, Berks. Maidenhead (0628) 22731.

● MATERIALS

Stable film for quality work

HIGH CONTRAST, dimensionally stable polyester film matt-finished on both sides has been introduced by Agfa-Gevaert for applications in drawing offices and planning departments.

Copyline Projection Line Polyester Film (matt) is designed for high quality reproduction work using a camera, enlarger or printing frame.

On a 0.1 mm Gevar polyester base, "PL1pm" can be used for such tasks as enlarging from intermediate negatives; for changing ratios of maps or plans; for producing improved drawings or photo-drawings, and for making intermediate originals for dyeline copying. The surface easily accepts additions with pencil or ink on either side, and parts of images can be cleared altoegther to leave a re-usable surface.

High exposure latitude and development stability is incorporated for line and lith work, and for automatic processing the Copyline AP 126 or Rapimat 65 is recommended.

Agfa-Gevaert, 27 Great West Road, Brentford, Middx. Tel. 01-580 2131.

● DATA PROCESSING

Close look at word handling

A REPORT called "Future Strategy in Word Processing" compiled during 1978 by Martin Simpson Research Associates of New York is being offered in the UK by Keith Wharton Consultants at £250.

Although the report is mainly concerned with what is happening in the U.S., there are useful if relatively brief examinations of the international and European positions. The greater majority of the U.S. makers offer their equipment in the U.K. however, so that the report, which is extremely thorough in terms of products, makers and market segments will certainly be valuable to anyone contemplating the use, or further use, of such systems.

Word processing business is growing, says the report, at about 30 per cent per annum and by 1983 is expected to have reached a world figure of $6bn. There are now thought to be ½m installations, the majority of which are in the U.S.

Although the others have achieved more publicity, it turns out that IBM has over two-thirds of the market with an estimated 290,000 units altogether. Everyone else has less than 5 per cent each: Xerox does best with 5 per cent followed by Wang with 4 per cent and Vydec with 3 per cent. IBM's sales were thought to be worth $900m in 1978.

Stand alone hard copy units account for about 80 per cent of the installed base due to the predominance of IBM magnetic card machines but this is expected to drop sharply to 25 per cent by 1983, in favour of CRT-based stand alone and multi-terminal systems, by then accounting for over half the total.

Electronic typewriters and single line display units at the low end and the CRT systems at the high will squeeze out these hard-copy "blind" devices which the report says are "fast becoming obsolete." There will however, be some reluctance to abandon magnetic cards by those users with heavy investment in them: they may remain cost effective for simple text entry and repetitive typing.

Two major parts of the report are a section containing 15 individual company profiles detailing past, present and likely future, sometimes with great candour, and an end-user equipment evaluation based, it is stated, on "thousands of machine installations" and bringing out strengths and weaknesses.

Like most commentators, the compilers of this report have a view of the future and the "electronic office." In their case the private information exchange is seen as the pivotal point, with information inputs and outputs between it and data terminals, intelligent copiers, store and forward systems, facsimile units, phone lines, and of course a main computer of some kind.

The emphasis is on integration, with rapidly expanding use of communications to connect the various kinds of devices. Companies likely to succeed in equipment manufacturing in the long term will, claims the report, be those that can make offerings on the broad front.

Keith Wharton Consultants is at 11 Beaumont Avenue, Richmond, Surrey TW9 2HE (01-948 1814).

Lower cost modems

DATA Communications Division of SE Labs (EMI) has low-cost microprocessor-based unit — the Modem 2448—that is particularly siutable for high-speed synchronous binary serial data transmission in either point-to-point or multidrop networks.

The 2400-bps unit costs £1,000, and for £48 more is ungradable to 4800 bps.

For application in full or half duplex modes, the new modem thus provides an ideal solution for users who initially require to operates their network at 2400 bps, but who may subsequently need to upgrade it to 4800 bps with the minimum disturbance to existing installations.

Diagnostic facilities are incorporated, which enable evaluation of modem performance, or line degradation to be made on a continuous basis. Built-in monitors draw attention to any serious line degradation so that appropriate corrective action can be taken.

SE Labs (EMI), Spur Road, Feltham, Middlesex TW14 0TD. 01-890 1477.

● RESEARCH

Watches for movement in rocks

COLLECTING DATA on underground rock movement by a new method is the subject of a U.S. patent issued recently to the Department of Interior.

The patent covers the information-gathering component of an instrument probe used for mine design and stability research. This compact probe was developed at Battelle's Pacific Northwest Laboratories. It is inserted in a bore hole in mine tunnels or shafts automatically to record data on rock movement caused by nearby excavation. Mining engineers use the data to design support systems and as early warning of potentially dangerous conditions.

The patent describes a paper tape recorder built into the instrument to measure the amount of deflection of the tunnel. The paper tape system is one of two data collection methods developed for the mine probe. In subsequent research, Battelle developed a system which uses four solid-state memory units.

The entire instrument probe fits into a 1½ inch tube and is capable of measuring very slight movements parallel to the bore hole in which it is installed. Once in place, it can operate unattended for up to three weeks. An electronic timing device in the instrument insures recording of information on rock movement at regular intervals. The electronics package is externally controlled and the unit is calibrated by the light beam commands from a miner's cap lamp.

The system is hermetically sealed for protection against the extreme conditions of the underground environment — temperatures to 55 degrees C (130 degrees F) and relative humidity near 100 per cent. It eliminates exposed parts and wires common with other systems which were easily damaged by blasting, rockfall and machinery operations.

Battelle, Pacific Northwest Laboratories, Battelle Boulevard, Richland, Washington 99352, U.S.

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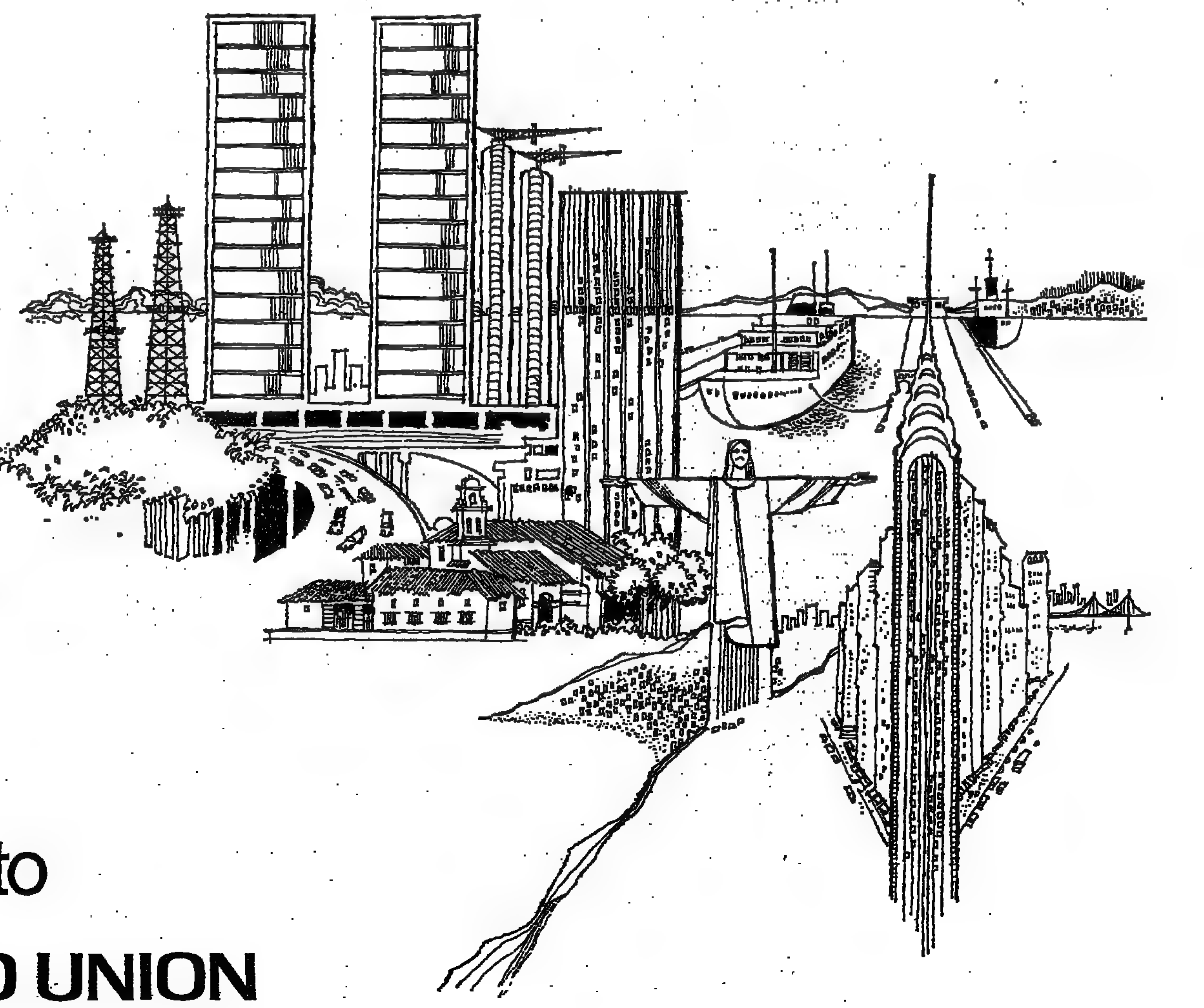

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Nicholas Leslie reports on a recent international management conference in India

Strategies for Third World industry

UNPRECEDENTED attention is now being focused in the developed world on the economic potential of developing countries as a catalyst for world growth.

Underlying this fashionable debate has been the increasing economic confidence and political vociferousness of the developing countries themselves.

But it will require a major organisational and management effort to turn the hopes of the Third World into reality—a harsh fact of life which tends to get overshadowed by internal political manoeuvrings as one country after another attempts to lay the ground rules for its own economic development and for its dealings with other nations.

In public, managers from developed and developing countries often pull their punches when discussing each other's strategies. This may well be because they are loth to appear to preach about the other's problems or shortcomings. But in private they demonstrate a much greater sense of realism.

Mr. T. Thomas: urged companies to help fund their R and D departments by selling research facilities.

Moraji Desai: learning to live with global interdependence.

Recognise

Most important, despite conventional wisdom to the contrary, many companies in developing countries do not see their future progress in terms of merely taking on the techniques and technologies of developed nations, whether through licensing or research and development. They recognise the need to be extremely selective, and to adapt them to the particular thinking and culture of each country.

One of the traps into which managers from developed countries all too easily fall is to regard developing nations as offering the same sorts of opportunities, problems and solutions.

Multinational companies may have adapted themselves well to the growing interdependence of countries, but many have either ignored—or, at best, failed to appreciate — the historical, cultural and other factors which set one developing nation apart from another, and also the deep divisions that can exist within individual countries.

They must now rapidly adapt their thinking, and become much more susceptible to their host countries' wishes or face the consequences. Equally, if such companies are to operate jointly with host nations, rather than in their traditional semi-colonial manner, the developing countries must themselves be clear about what they want from overseas companies.

These and many other related factors must currently be exercising the minds of managers around the world, to judge from the breadth and depth of discussion that took place at a recent international management congress in India.

A major proportion of the 1,000 delegates were from India and other developing countries and it was noticeable how preoccupied they were not only with the alternative strategies for achieving economic growth, but also with the detailed manner in which they should conduct business. The spectre of Lockheed reared its head only momentarily—but long enough to provoke considerable discussion on what ground rules, if any, there should be for business relationships.

When the conference debated the effects of cultural differences on industrial expansion it became very clear how dangerous it can be to generalise about "developing" countries, particularly in Asia. For example, Japan was cited as having had the benefit of a "closed" society and culture in its transition, since world war two, into one of the most advanced industrial nations. This had manifested itself in the willingness of its people to co-operate in an almost unique way to establish and expand its economy. Similar examples of relatively cohesive societies, the conference was told, were China and South Korea.

Yet India posed a much more complicated task for the country's indigenous managers, let alone those of other countries. It was a land of diversity: 80 per cent of its 600m people live in rural areas and speak nearly 50 different languages—16 of them official ones— and over 150 dialects. It had suffered several invasions, embraced many religions and had been subjected to a host of outside influences.

Developing a national management culture was therefore a major problem. This was amply demonstrated by the discussion about how to prevent the country from losing its share of world trade.

One suggested solution which seemed to find favour was for the country to seek to capitalise on some particular areas of technology. An assessment should be made, it was suggested, of those areas where the country appeared to have a technological edge — in other words, where it could make certain products more cheaply and more effectively than anyone else.

As an example of this approach, the Japanese were, not surprisingly, cited as being "brilliant at getting to know their markets and understand the dynamics of them."

So far as India is concerned, the trouble with trying to "pick winners" is that the country's social and cultural diversity makes it almost impossible to reach any consensus.

In dealing with such problems, what use could developing countries like India make of the developed world's resources?

Sir James Lindsay, director of international programmes at Britain's Administrative Staff College, Henley, urged them to grasp the opportunities presented by the big multinational companies. They offered technology, managerial skills, management and technical development, plant, equipment and capital. But why did these countries hesitate? The answer lay in distrust and fear of the corporations.

Equally, though, said Sir James in his paper, Changing Public Policies and Management, the multinationals feared some of the developing countries. They were wary of situations such as being restrained by a host government from increasing production capacity, even if there was a growing demand for their products.

Sir James felt that the job of the international manager was to achieve a workable reconciliation of the interests of a host country and its people with those back home, in a culture where private enterprise was not necessarily taken for granted.

So, while large corporations offered opportunities, they also presented dangers, the conference was told by other speakers. Large-scale, capital-intensive technologies aggravated the problems of under-employment and unemployment in poorer countries, said Mr. George McRobie, chairman of the Intermediate Technology Development Group, of the UK.

In his paper, Appropriate Technology, he concluded that a wide gap still existed between the intentions of developing countries (such as in creating widespread local activity instead of a few gigantic projects, and ensuring that imported technology fitted local conditions) and their implementation. Government bureaucracies could handle only a small number of projects, and voluntary agencies and private industry would have to contribute if intentions were to be implemented, he maintained.

Motivate

In developing countries rural populations needed to have low energy, low cost technologies, delegates were told. How to bring technology to rural areas was another of the major challenges to management. An answer had to be found to the question of how large scale industry could be encouraged to become involved in rural industry and motivate villagers to accept new technologies. One way of achieving this would be to use technology to raise the output of existing jobs rather than to introduce new jobs.

The subject of research and development provoked particularly wide-ranging discussion. Interestingly, it also highlighted the need for developed countries, to help create a better understanding in developing countries of the raison d'etre for R and D, as well as passing on the fruits of their own work.

Mr. T. Thomas, chairman of Hindustan Lever—which spends more than £1m a year on R and D, a relatively high rate for a private sector company in India—felt that basic research in Indian universities was still not sufficiently good. Also, companies often overlooked the need for in-house training of scientists because they felt they were taking on someone who already had all the knowledge required. "It takes three years for a scientist to be any good to us," he said.

Mr. Thomas—whose appointment to the main board of Unilever (the first Indian to join the main board) was announced just after the congress—urged companies to aim to raise at least 60 per cent of an R and D department's funding by letting outside organisations use its research.

But while delegates were given plenty of advice on what their R and D departments should be aiming for, there was also considerable interest at the congress in how to decide when and how to start a research facility from scratch.

Mr. Thomas's answer was that a company needed people who were technologically capable, it had to be of sufficient size and it had to be able to identify the problem for which research might provide the answer.

Mr. A. Hamilton, a director of Dunlop UK, stressed the importance of "walking before you can run" as far as R and D is concerned. A start should be made with planning a business—its directors had to have an idea of the company's future over the next five years. This would identify, for example, what quality of product should be aimed for, or the range of products. In turn, this would highlight the specific R and D need. If a company already employed technically proficient personnel, they could be upgraded to take on the research effort.

As to the relation of research to overall corporate strategy Mr. Hamilton argued that it must always be contained within the bounds of a corporate plan. Not that R and D might not alter the whole course of a company—foam rubber had emerged out of research and now formed a main division within Dunlop, he pointed out.

Delegates emerged from the week-long conference—the 18th organised by the CIOS (International Council for Scientific Organisation)—with a lot of food for thought: from the human aspects of management first highlighted by Mr. Morarji Desai, Prime Minister of India, in his inaugural address, to the questions of what technology can do for developing countries and how nations of the world, both developed and developing, should learn to live with growing global interdependence.

What politicians think of industry

BY JASON CRISP

THE most important problem facing industry is low productivity, according to Members of Parliament. In a survey of 100 MPs, from both sides of the House, 42 per cent cited it among the most major difficulties. This view was particularly strongly held by Opposition MPs—49 per cent of them thought so—twice the number that opted for any other reason.

Labour members took a rather different view, the greatest number of them saw lack of investment and the need for modernisation as behind industry's difficulties. But 34 per cent also cited low productivity.

According to Market and Opinion Research International (MORI), which conducted the survey, Labour MPs are more likely than the Opposition to see "lack of suitable management quality," "exports" and "lack of industrial democracy" as important problems.

Not surprisingly, notes MORI, Opposition MPs cite "too much government intervention," or "erratic government policy" and "uncertainty about the future" as other difficulties.

Whereas 21 per cent of Labour MPs included lack of suitable management quality among the most important problems facing industry only 6 per cent of Opposition MPs did so.

Attitudes

On attitudes towards the business world, the survey found that the "majority of MPs recognise the importance to the nation's economy of large companies and overseas investment; see profits as too low; business as controlled too much by legislation and most MPs are opposed to nationalisation of the big industries." However, this apparently unified picture was often due largely to Opposition solidarity, whereas Labour MPs were much more divided.

At the same time the politicians were highly critical (and they were almost unanimous on this) of industry's performance since the second world war. Over 90 per cent of the sample agreed that British industry had failed to perform as well as it should have done. Marginally more Labour MPs were of this view than those in Opposition.

British managers did not exactly receive many plaudits. Nearly 70 per cent of the MPs questioned agreed that British managers were not as effective as their main overseas counterparts. Labour were slightly more critical (74 per cent) than the Opposition (64 per cent). Indeed only 12 per cent of the MPs could bring themselves actually to disagree with the statement.

Party divisions were very noticeable when it came to opinions on legislation and industry and using Government contracts to enforce Government policy. Opposition MPs were almost unanimous (96 per cent) in the view that there was too much legislation governing the activities of industry while only 26 per cent of Labour members agreed—63 per cent said they disagreed.

Again a substantial number of Opposition MPs (83 per cent) thought Government contracts should not be used to enforce Government policy, a view with which Labour disagreed—with similar conviction (74 per cent).

A majority of MPs believed that businesses generally should take a more active stand on issues which affected them and also that companies should make more effort to contact their local MP.

Opposition MPs were united, perhaps not that surprisingly, in agreement that business should speak up for itself more (96 per cent said so), a view shared by just over half of Labour members. Fifty-four per cent of the politicians agreed that companies in their constituency should make more effort to contact them. And this would seem to be good advice as four out of five MPs agreed they were more receptive to companies which maintained regular contacts with them than those which did not.

On the fashionable issue of whether small business offered the prospect of reducing unemployment in Britain, the Opposition strongly believed it could, 94 per cent having said so. But Labour was almost split down the middle on the matter—41 per cent thought it could, 42 per cent said it could not.

Attitudes of Members of Parliament Towards Industry. MORI, 29, Queen Anne's Gate, London SW1.

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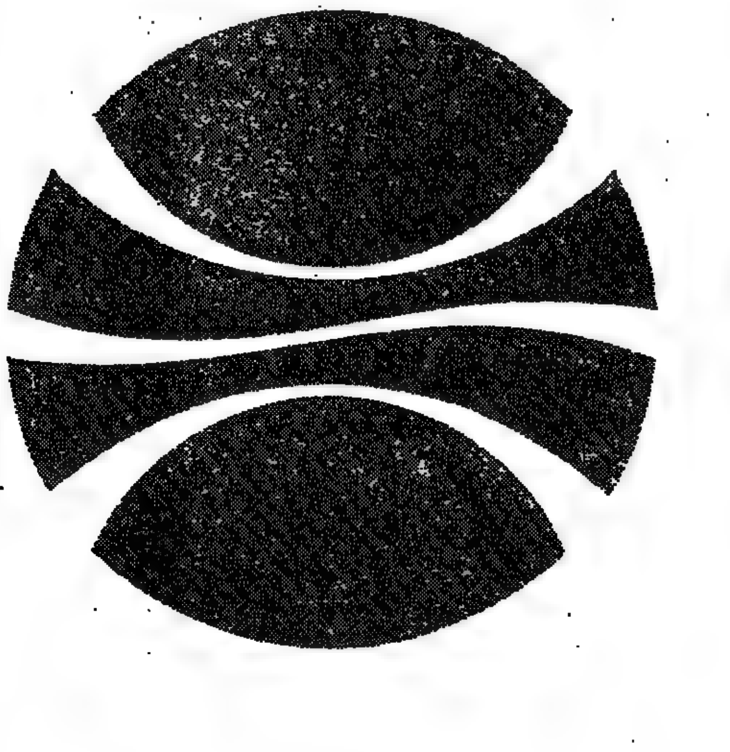

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LEGAL NOTICES

No. 004059 of 1978.

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of AMBASSADOR SPORTS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 21st day of December 1978, presented to the said Court by MAXMORE KNITTING MILLS (PTY) LIMITED whose registered office is situate at 104/6 Bofors Circle, Epping Industria, Cape Province, Republic of South Africa, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 29th day of January 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

CAMPBELL HOOPER & AUSTIN WRIGHT,
15 Jermyn Street,
London SW1Y 6LT.
Ref: DE.
Tel. 01-734 7431, Ext. 38.
Solicitors for the Petitioner.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 26th day of January, 1979.

THE COMPANIES ACT, 1948

IN THE MATTER OF CONNAUGHT CAMERAS LIMITED, Dealers in Photographic Equipment. Winding-up Order made 27 November, 1978.

Date and place of first meetings:
Creditors: 30 January 1979, at 10.30 a.m.

Contributories: 30 January 1979, at 11.00 a.m., both meetings to be held at:

2nd Floor,
Colman House,
Victoria Avenue,
Southend on Sea,
Essex SS2 6EF.

J. M. CHRISTENSEN,
Deputy Official Receiver.

2nd Floor,
Colman House,
Victoria Avenue,
Southend on Sea,
Essex SS2 6EF.

No. 0042 of 1979.

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of ACTON EXCAVATIONS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 8th day of January 1979, presented to the said Court by M & J ENGINEERS LIMITED whose registered office is situate at Star House, Mutton Lane, Potters Bar, Hertfordshire, Plant Hire Contractors, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 5th day of February 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of the hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BRABY & WALLER,
2/3 Hind Court,
Fleet Street,
London, EC4A 3DS.
Ref. F/BH/SP.
Tel. 01-583 9611.
Solicitors for the Petitioner.

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No. 0062 of 1979.

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of TRADE WINGS (LONDON) LIMITED and in the Matter of The Companies Act, 1948

NOTICE IS HEREBY GIVEN that a petition for the winding up of the above-named Company by the High Court of Justice was on the 9th day of January 1979, presented to the said Court by ELECTRICITY SUPPLY NOMINEES LIMITED whose registered office is situated at 30 Millbank, London SW1, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 12th day of February 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of the hearing, in person or by his Counsel, for that purpose, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

JAQUES & CO.,
2 South Square,
Gray's Inn,
London WC1R 5HR.
Tel. 242 9755. Ref. CTL.
Solicitors for the Petitioner.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 9th day of February, 1979.

PUBLIC NOTICES

OFFICIAL NOTICE—PROPOSAL TO CHANGE SHIP'S NAME

We, SILVER LINE LIMITED, of ROLLS HOUSE, 7 ROLLS BUILDINGS, FETTER LANE, LONDON EC4A 1BA, Owners of the merchant ship, "Silvertweed" of London, Official Number 341155, of Gross Tonnage 13240.12 tons, or Register Tonnage 7949.86 tons, propose to change her name to "Argo Tweed."

Any objections must be sent to the Registrar General of Shipping and Seamen, Llantrisant Road, Cardiff CF5 2YS, within seven days of theappearance of this advertisement.

Signed Captain J. I. Punton
Operations Director (London)
and dated 8th January, 1979

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FINANCIAL TIMES SURVEY

Tuesday January 16 1979

World Mining

The mining industry is being forced to operate further afield at much greater capital cost against a background of depressed metal markets. Its future may lie in contract mining for governments and higher demand spurred by higher living standards in the developing countries.

Start of a new era

By Kenneth Marston Mining Editor

A NEW and possibly exciting era awaits the world mining industry in the eventual growth of living standards in the developing countries, including China. Only a modest rise in these standards would bring a huge new demand for natural resources which would soon outstrip the present capacity of the extractive industries.

In recent years little new mine development has taken place against the background of depressed metal markets and uneconomic prices for metals. Existing nickel mines, for instance, are operating at well below capacity, while few copper operations are doing much better than break even.

At the same time, the capital requirements for new operations have soared. High-grade and easily accessible mineral deposits have largely been already exploited, with the result that the exploration teams have to search deeper into the more remote areas of the world. Here, costly mine infrastructure has to be created and ore grades are usually low, with the result that the deposits have to be mined on a huge scale in order to be economic.

An increase of at least 50 per cent in the current price of copper would be required to justify the development of one of the new generation of super-mines. There is little doubt that the forces of demand and supply will eventually produce price increases of this magnitude, probably sooner rather than later.

The danger is that with such new capacity having a lead time to production of some seven years, metal prices could accelerate in the interim period to crisis levels for the world economy. Thus, it may be argued, the development of new mining capacity should not be allowed to await a recovery in metal prices.

The high cost of establishing new mines has already created consortia of mining companies and banks to finance big projects such as the Western Australian iron ore fields. There is a limit as to how much these consortia can achieve and the mining industry has found a new partner in the shape of the cash-rich oil majors who, seeing less scope for new sources of their traditional product have been turning to the mining scene.

This combination of oil money and mining know-how is slowly but surely welding a new natural resource industry. At the same time, however, the high risk and current low return on capital invested in mining is causing many companies to increase their diversification into the industrial sphere where there is the prospect of a safer and more readily obtainable cash flow.

But perhaps the greatest barrier to new investment in mining capacity is the lack of security for the huge amounts of capital that needs to be tied up, notably in the Third World countries. Seven years before any return can be expected on capital is a long time in such areas. And even then there is the risk of operating agreements being abrogated, of new and punitive tax arrangements and even outright appropriations.

The problem is, of course, well recognised. Various submissions, such as those to the EEC, have been made and plans for some form of guarantee or insurance scheme have been formulated. But progress is slow and it looks as though the recovery in metal prices will stimulate investment in only the established mining countries whereas a greater mining potential exists in the world's newer countries.

It may well be that the new mining era will see the development of a contract mining system which for the companies may be regarded as akin to a house-owner moving into rented accommodation, and probably about as popular. Thus, instead of owning mineral deposits, the natural resource companies would explore for them and carry out the development and subsequent productive operations.

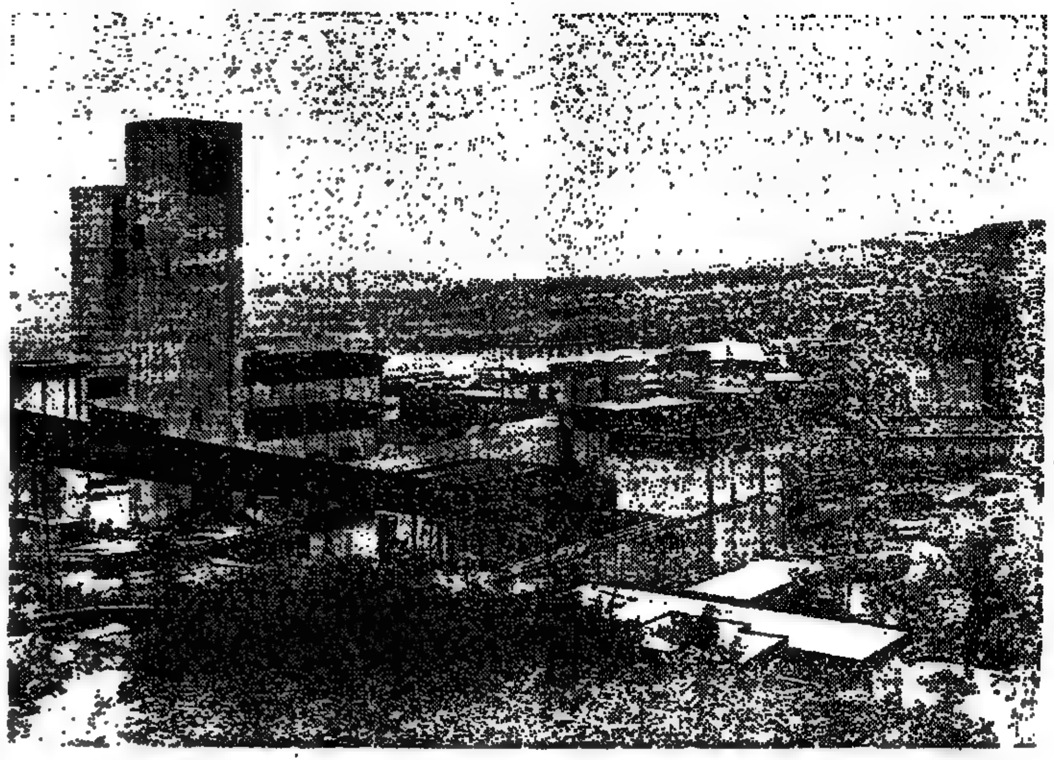
Moves towards this have already started. Anaconda has been developing the Sar Cheshmeh copper deposit for the Iranians while exploration and survey work is being carried out in other countries by mining companies such as the UK-based Selection Trust, Rio Tinto-Zinc and Consolidated Gold Fields.

The advantages of throwing the ball into a government's court are clear. The natural resource contract company providing the virtually irreplaceable know-how (mining companies may be competitive but, as with newspapers, they do not believe in dog-eat-dog) and may not stand to make as much money as in the now past devil may care days, but they avoid the high financial risk.

International banking organisations may be more prepared to put up finance to a government-owned operation where any temptation to political excesses can be curbed by the threatened loss of technical know-how. And the operating contract company might well be relieved of any untoward demands by environmentalists and also see its image changed from an exploiter of a country's resources to one of a contributor to the betterment of the nation concerned.

Too facile? Perhaps it is, but such a development would be one answer to the vital need for the development of the world's natural resources.

A final thought is that while the strength of China's apparent rapprochement with the West is yet to be tested, that vast country has already emphasised the need for the development of her natural resources. That call has not fallen upon deaf ears in the natural resource industry—they don't exist.



The Anglo-American Corporation Elandsrand gold mine in South Africa, where the first gold was poured last month

Shares only for the wary

THERE IS still money to be made in mining, but investors need to be an intrepid band these days. Most mining stocks are overseas-registered and, for a UK buyer, carry the fluctuating investment dollar premium which currently adds about 40 per cent to share prices and which could disappear altogether one of these days.

However, any fall in prices caused by the premium's departure might well be cushioned by a fresh demand at the lower price levels.

The alternative lies in the relatively few UK-based stocks available, notably in the finance houses, Charter Consolidated, Consolidated Gold Fields and Selection Trust. These, though, are subject to UK dividend limitation. An exception is Rio Tinto-Zinc (because of its high degree of overseas earnings) and the shares still rank among the best for the long term.

Political uncertainties also come into the picture, notably as far as the South African mines are concerned and, ironically, the Republic's producers of gold, uranium, diamonds and platinum are doing particularly well against a background of depression in many other mining areas.

Gold prices, for example, are still at levels high enough to sustain good mine earnings and dividends in spite of the industry's rising costs. Last year, share prices moved forward in the wake of the bullion price, which began 1978 at $170 per ounce with the Gold Mines index of UK (cum-premium) share prices standing at 132.7.

U.S. buying provided the main impetus for the rise in share prices, but in August heightened African political fears brought a reversal as the previous share buyers switched their attentions to the bullion market which continued to rise until a peak of $245 was reached in October. At the end of 1978 gold was standing at $226, a rise of 33 per cent on the year, but the Gold Mines index was a mere 6.6 per cent up on the period, at 141.5.

For investors — especially those who do not have to pay the dollar premium—who are prepared to live with African politics, gold shares offer dividend returns high enough to act as yield sweeteners in a mixed portfolio. Cases in point include Western Holdings, West Driefontein, Libanon and, for the more speculatively-minded, Stilfontein.

Capital appreciation possibilities are held out by the South African platinum producers, Rustenburg and Impala, following the remarkable recovery that took place last year in the price of platinum. Diamonds have enjoyed their most buoyant year ever and U.S. buyers are still prepared to go for DeBeers.

The South African diamond company's 1978 results, due in March, are expected to make a fine showing. But whether earnings will take a further stride forward in 1979 remains to be seen, especially in view of the imminent independence for Namibia (South West Africa) which contributes about 22 per cent of the group's profits.

Timing is the secret of successful investment and the particularly difficult part is knowing when to sell: there is a deal of truth in the old adage, "be ready to take a profit and leave some for the next man." This is particularly true of the speculative issues, as those who held on too long in the Australian nickel exporation boom know to their cost.

Spearheaded

The current mining exploration boom is that for diamonds in Western Australia which is being spearheaded by Conzinc Riotinto of Australia at the Ashton venture. Plenty of diamonds have been found, but they are mostly small and spread over a wide area. It is far too early to tell whether Conzinc Riotinto and its partners have found a payable prospect, and hopes may well blow hot and cold over the next few months as exploration progresses.

So, too, will the share prices of the many small fringe companies who have entered the field with little more than a modest budget and a deal of hope. Such is the nature of exploration, that most of them probably will end up that way, but minus the hope. None is specially recommended, but for those investors prepared to use only "the wife's bingo money," as they used to say, any success by Conzinc Riotinto could provide profits to be taken on shares of the small fry.

Turning to more serious aspects of investment, we come to the base-metal mines, many of which are having a hard time at the moment. Exceptionally, the price of tin remains strong, but the cream has gone out of the market in the Malaysian issues. Widespread emigration of the previously London-registered tin companies to Malaysia gave holders the benefit of share prices being increased by the dollar premium and there were some good parting dividends.

Now, however, Malaysia is taking her share of the cake via increased taxation. And concern has been aroused by the Selangor State's recent refusal to renew four of the big Berjuntai mine's leases. Instead, the leases have been passed to a State company and, to continue working them, Berjuntai is having to pay a 10 per cent tribute.

The share market has also been disturbed by news that the State company intends to seek an indirect participation in Berjuntai. Precisely what is meant by this has yet to be explained and it has created an air of uncertainty over the other tin companies.

In spite of Falconbridge Nickel's recent decision partly to restore production, the world nickel industry remains depressed. For those prepared to await the eventual recovery in the nickel market, however, the giant Inco could prove to be an attractive investment — a thought which may have occurred to some of the big oil companies which are increasingly eyeing the mining industry these days.

Recovery prospects may be nearer for lead and zinc — indeed, lead has already moved sharply ahead in price. A share to keep an eye on could be Canada's Tara Exploration, which runs the young and high grade zinc-lead Navan property in Ireland. But perhaps the nearest recovery prospect is in copper and when the long-awaited revival comes, it could develop swiftly as consumers rush to replenish their run-down stocks.

Shares of the finance houses with sizeable copper interests, such as RTZ and Minorco, could be worth picking up. For the more speculative those of Australia's struggling Mount Lyell might be worth considering. The Zambian issues, however, are hit by labour problems and are losing production.

Finally, we come to the enigma of Australian uranium. At long last the point is being reached at which development of the huge discoveries in the Northern Territory will be allowed to proceed. But the potential mines may have missed the cream of the market and will have to compete with the big Canadian uranium developments.

A compromise is offered by Australia's Western Mining which, with its big spread of mining interests ranging from uranium to nickel, aluminium, copper, gold, oil and gas and mineral sands, could become a leading money-spinner in the 1980s.

Kenneth Marston

Underground at CSR's Buchanan Lemington colliery in the Hunter Valley north of Sydney. Coal is one of the many diverse activities of CSR.

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Industry searches for project finance

"WHAT I think disturbs the mining industry most so far as the future is concerned is the enormous increase in capital costs that has taken place as a result of inflation. This has been as much as three or four times over the last five years in the case of large capital-intensive open-pit ore bodies."

Sir Mark Turner's lament, delivered in his chairman's statement to the annual meeting of Rio Tinto-Zinc in London at the end of May last year, highlights a problem which has not only contributed to the decline in mining investment but which has forced the industry to look at fresh and ingenious methods of financing.

The problem has been exacerbated by lower levels of profitability, the inevitable result of depressed prices for many of the basic industrial minerals. Although there has been some improvement in base metals prices over the past year, the rise has not been on a scale to offset the level of inflation. Indeed copper prices have only been at around half their peak levels of mid-1974.

This in itself has reduced the ability of many sectors of the industry to raise new funds for development. "The fact of the matter is that the ability to fund capital additions depends on the profitability of the company, both from an historical sense, and more importantly, from future expectations of profit. If these profits are inadequate, bond ratings are reduced and debt can only be sold at very high rates of interest, if at all," said Mr. Thomas McGinty, senior vice-president-finance at Cleveland-Cliffs Iron.

Lower expectations of profit reduces the attraction of a company's shares, many of which are in any case probably trading at a level well below their book value. There is thus a deterrent to equity financing for new projects.

With profitability at lower levels and costs escalating, companies have not been able to keep up retained earnings to the point where they can finance anything much more than a small part of a large new project.

A trend which has been apparent since the early 1960s has been consolidated. This is the growing habit of financing new ventures on an off-balance sheet basis—raising loans from banks and the international markets, thus making the projects very highly geared.

Loans have often been raised on the basis that contracts have been signed by potential customers, giving the project secure markets. But with the reduction in demand for raw materials from major consumers like Japan, for example, there has been a move to seek a reduction in buying commitments. This could make the international financial markets more chary of loans to the industry. The repercussions could lead, according to Sir Mark Turner, either to "the reduction in the proportion of loan capital that is made available or to demands for additional security."

Risks

What flows from this sort of difficulty is a move to spread the risks—and hence the rewards—of a new project as widely as possible. This in itself involves reconciling a number of different aims; the needs of the operating companies for the highest possible price for their product, the needs of the potential buyers for materials at the lowest possible price, the needs of a host government for a reliable source of tax income from a project on its territory, the needs of the financial institutions providing funds for a secure rate of return.

Mining investment is thus becoming an extremely complex matter with international banks often seeking the reconciliation of these objectives as they put together what is now known as project finance.

At Chase Manhattan, said Mr. C. T. Houseman and Mr. Jeffrey Sell, two vice-presidents engaged in the field: "We employ a four-phased approach which focuses on identifying and quantifying the project's risk—outlining the requirements of the potential lenders to the project—formulating alternative financing plans based on the project's cash flow projection and finally refining these preliminary plans in light of tax and accounting considerations to arrive at the best financing plan."

It is natural that the commercial banks should have become involved in the details of financing and putting together packages. They after all frequently put up a considerable amount of the funds. But there are other sources. Export financing programmes for equipment exist, long-term credits are sometimes available from customers (Delta Metal and BICC provided credit facilities for the Afton Mines copper development in Canada) and there are both national and international development banks which provide soft loans. In the U.S. and Canada private placements may be made with the large insurance groups and in recent years the Eurobond market has been a fertile source of finance.

"The selection of the individual financing plan debt components usually involves a trade-off between cost and term versus flexibility," noted Mr. Houseman and Mr. Sells.

"Generally in building a project's debt stucture, the first elements to be included would be those that offer the longest terms at the cheapest rate. A subsidised source like the World Bank or the U.S. Export-Import Bank would go the furthest in meeting terms and cost objectives. A 10-15 year maturity at a fixed rate is not unusual.

"In this process of tailoring the amortisation of the debt package to the project cash flows, commercial banks often serve a bridging function. Given the flexibility of banks in setting repayment and covenant terms, bank lenders often structure repayment terms so as to level out the project debt amortisation schedule."

Prices

But obviously such packages can only work if the level of product prices is high enough—and look like remaining high enough—to guarantee that there will be a sufficient cash flow to meet the debt repayments. And at least as far as copper is concerned, present price levels are some 30-40 cents per lb beneath the point at which the mining companies might be induced to contemplate large new project commitments.

Investment initiated by mining groups needs increasingly to be supported by institutions, governments and other sectors of industry. Established mining groups are often rich on assets but lacking in the availability of immediate funds. This is forcing a change in the pattern of the industry.

In the first place, major oil groups seeking diversification and holding considerable cash balances are establishing a presence in the metals industry, either in their own right or through the purchase of a stake in existing groups. The attempt by Standard Oil of California to translate its 20 per cent stake in Amax to total ownership is one example. The participation of Exxon in Western Mining Corporation's Yeelirrie uranium venture is another. This sort of move not only brings new capital into the mining industry but breaks down divisions within the natural resources sector.

What Mr. Ronald Fraser of Hudson Bay Mining and Smelting called "this lubricating embrace" is welcomed by many groups on the basis that they need partners to spread the burden of new financing costs. "We shall no longer be able, as in the past, to take a sole dominant position in new mines, but will have to seek partners with whom to share the burden, probably on a joint venture basis," said Sir Mark Turner.

Second, it seems likely that the mining industry will have to swallow ideological objections and accept that Governments will in future play a greater role in the industry. In the developing countries, host Governments have frequently sought an equity stake in new projects and in the developed countries Governments have been inclined to establish State agencies to work on their own behalf or participate in the ventures of the private sector.

Co-operation with Governments will become more necessary not only so that specific environmental issues, which push the price of projects upwards, may be resolved, but because the mining companies in their efforts to contain costs are expecting States to meet infrastructure costs for ventures in remote areas. The justice of the expectation is accepted by some Governments, including for example, the authorities in places as different as Botswana and Western Australia. But such distribution of costs may be slow in coming. The recession has weakened the financial position of many developing countries and the attitude of commercial banks to making more funds available to them seems to be increasingly cautious.

Thirdly, the trend towards bringing consumers directly into the producing industry seems likely to develop. Japanese buyers have often taken small equity stakes in Australian raw material projects and they are increasingly regarded as a source of valuable finance. European power utilities have found it worthwhile to join uranium exploration ventures at an early stage so that their sources of supply for the longer term might be made more secure. There is a natural alliance of interests between consumers and producers provided they can reach accord on price levels. The pressures of costs and the need for stable supplies could hasten the vertical integration of the raw materials industry.

Finally, the difficulties of finding funds for large new projects, often working with low ore grades and relying on large production to make profits, and the complex obligations which follow from elaborate financing packages may make more attractive to the mining companies the development of small deposits. Many groups with high overheads have tended in the past to reject such ventures, but the possibility of managerially devolved small ventures with the prospect of a cash flow coming in months rather than years may seem too good to miss.

Paul Cheeseright

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Europe's worries over sources of supply

THE AMOUNT of debate in the UK and the European Economic Community about minerals supply seems to be in inverse proportion to the dependence placed on imports. It is only when supplies are cut or when they are specifically threatened that the matter becomes one of much public concern.

Yet behind the public indifference there is a good deal of thinking going on in governmental circles about minerals policy. The sharp reduction in cobalt supplies from Zaire, the world's main source, in the middle of 1978 was a reminder that insurrections, port closures, natural disasters or labour disputes can choke the flow of raw materials. There does not have to be a blockade.

Moreover, the EEC countries as a whole are vulnerable to what happens elsewhere. So far as *non-fuel minerals* are concerned, only their fluorspar, mercury and potash resources exist in sufficient quantity to meet more than two-thirds of industry's needs. Between 95 and 100 per cent of the EEC's needs for nickel, chromium, cobalt, molybdenum, platinum, tungsten, vanadium, phosphate and asbestos are imported. Over half the EEC's aluminium, copper, lead, tin, zinc and iron ore come from outside.

Threats

So far as foreseeable threats to supply can be judged, there are two main worries. The first waxes and wanes according to the political temperature and involves minerals from South Africa. The second is more long-term in nature and involves the general downturn in mining investment, specifically within the developing countries.

The South African problem centres most acutely on the platinum group metals, manganese and vanadium, where Eastern bloc countries are the main alternative sources of supply, and on chrome, where South Africa itself is the dominant world producer. But the EEC's mineral links with South Africa stretch further and take in base metals and uranium. Indeed, over half South Africa's varied mineral output is exported to Europe.

The threat to South African supplies could come from the imposition of economic sanctions and there has recently been an increase in international pressure for precisely this step, in view of developments within Namibia (South West Africa). Or it could come from a partial or complete breakdown in the political and social system within South Africa.

Although neither of these possibilities is thought to be imminent, it is widely stated that because the southern part of Africa is a zone of political disturbance mineral supplies cannot be guaranteed.

If this premise is accepted then measures to neutralise the effects of any break in supplies fall into two parts. The first involves having enough raw materials on hand so that industry can draw on stocks until such time as alternative sources may be mobilised. The second involves the diversification of sources of supply. In neither case are the solutions easy and the second demands strenuous efforts applied over a considerable length of time.

The question of stocks is one that is generally left to industry. There is no EEC policy on stockpiling as such, and France appears to be the only country within the EEC which has adopted even a limited stockpiling policy on a national basis.

In Britain the Department of Industry has been reviewing all aspects of minerals policy, and consideration of a national stockpile has come within the ambit of the review. In West Germany senior representatives of government and industry met to discuss the question but agreed on little more than further studies and effectively put off the matter until next April. But there was a feeling that there was no short-term threat to supplies and that in any case the responsibility for ensuring continuity of supplies should remain with industry.

Should any general move towards stockpiling become evident in the EEC, it would probably be based on the principle of the U.S. strategic stockpile which works on the basis of having enough supplies available to withstand a cut lasting three years. There would certainly be no thought of adopting stockpiling policies to even out fluctuations in market prices.

As far as diversification away from South African supplies is concerned, the issue merges with the second main worry for the EEC countries—the general downturn in mining investment. Clearly there can be no diversification without substantial investment and a widely dispersed exploration effort.

Since the oil crisis of 1973-74 and the international recession which followed it, investment has lagged, always excepting energy minerals, speciality metals like molybdenum and precious minerals; there has, for example, been no shortage of funds to search for diamonds in Australia.

Moreover, many mining groups have tended to concentrate their funds in areas they find congenial; North America and Australia are cases in point. Indeed Count Otto Lambsdorf, the West German Economics Minister, has noted that 85 per cent of mining investment has been going to industrialised countries, whereas a decade ago 60 per cent of it was going to the developing countries.

Both the European mining industry and the European Commission have drawn attention to the fact that EEC dependence on developing countries for raw materials is likely to increase beyond the present 55 per cent level. The industry has calculated that in 1961-63 developing countries were absorbing over one-third of their total exploration; by 1973-75 the figure had fallen to 13.5 per cent.

The reasons given for this fall revolve around investment conditions and concern what the European Commission called "creeping expropriation measures such as the gradual erosion of exploitation conditions, imposition of additional charges, obstacles to a freely determined export policy and interference in management."

Although some mining groups consider these fears misplaced, and although recent investment agreements between international groups and governments in countries like Papua New Guinea, Botswana and Chile suggest that a modus vivendi can be reached between corporate and State demands, the European Commission has sponsored a programme to improve conditions in the Third World for European groups.

This programme involves the EEC signing agreements with governments of the developing countries specifying the conditions under which investment may take place as a supplement to agreements which exist on a national basis. It also involves specific project agreements, in which the EEC would be a party, where companies from two or more member States are participants with a stake of more than $50m. This would be backed by an investment insurance scheme to protect companies against "creeping expropriation."

But the programme has not progressed very far. There is no more than very general agreement about its desirability within the EEC. Both France and Germany seem content to rely on national schemes. And the idea of seeking treaties on investment conditions has met with a lukewarm response from the countries signatory to the Lomé Convention, which is up for re-negotiation. The Lomé Convention links the EEC with developing countries around the world in trade and co-operation agreements.

Governments and international institutions can only influence the general environment for investment. Whether a commitment is made depends on the companies, and they are not likely to be bolder in their approach until they feel the financial conditions are right.

The companies need first of all a good deposit, secondly the funds to develop it and thirdly the expectation that the product price will be high enough for them to make a profit. None of these conditions has been right in recent years for a variety of the most widely used minerals. This raises the spectre of shortages in the 1980s and consequently higher prices.

Industry estimates show that simply to maintain the supply of non-ferrous metals to the EEC countries over the next decade will require an average annual investment of $2.4bn. But during the 1960s and the early 1970s, expenditure was running at only about $400m a year.

Paul Cheeseright

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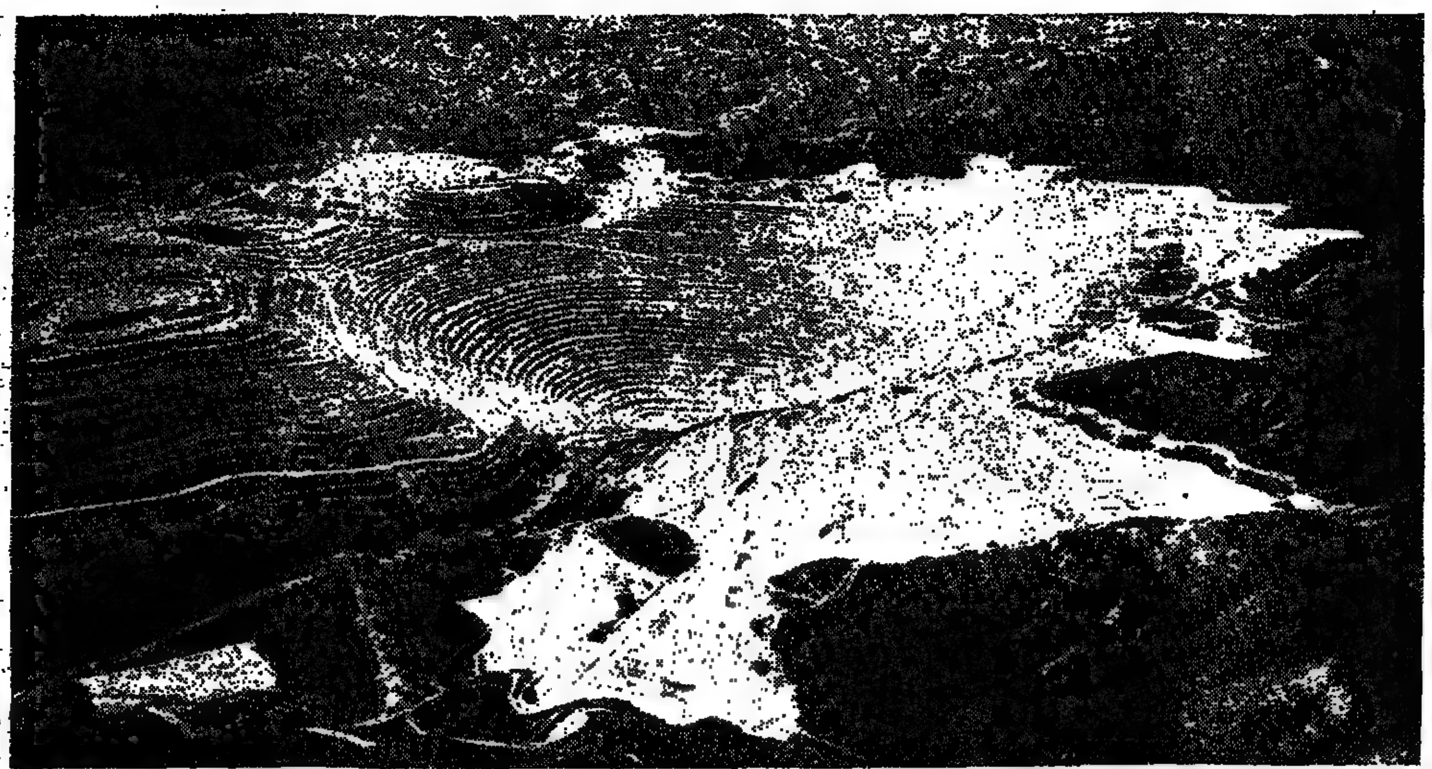
U.S. caught up in a dilemma



Kennecott Copper Corporation's open pit mine at Bingham Canyon, near Salt Lake City, Utah

THERE HAS been a lapel badge in rather restricted circulation around the U.S. carrying the slogan "Mining Matters." The great problem the U.S. industry is facing at the moment is that it is not sure how much it does matter to the society it serves.

Higher mineral production is encouraged as a general ideal but held back by specific regulations. There is no defined governmental approach to the industry. The demand for clean air and pure water is expressed through myriad controls, but the U.S. consumer has an insatiable appetite for mineral products, absorbing about a quarter of the world's entire mineral production.

The U.S. industry is caught up in the dilemma most industrial countries are facing to some degree; how to balance the needs of industry against the popular desire to be rid of the worst of its excesses—environmental, social and economic. This gives the difficulties of the industry a wider context. Where the U.S. goes today, others may follow later.

When the United Nations Conference on Trade and Development organised a survey in 1976 of national environmental standards it found, not surprisingly, that standards were more stringent in the developed than in the developing countries. But it placed the U.S. with countries like Sweden at the top of a table listing those standards over the range from strict to tolerant.

Thus from the industry's point of view the balance between industrial and environmental needs has tilted against it. The result has been to leave it not only aggrieved and angry but also a voice in the wilderness.

"Most people pass their days with no thought of the role mining plays in their lives. They know where to buy the things they want but seldom consider their origins," complains literature from the American Mining Congress, the industry body.

"Without minerals we could not till our soils, build our machines, supply our energy, transport our goods or maintain any society beyond the most primitive. Our horn of plenty starts with a hole in the ground. We are in trouble if we forget that," the AMC warns.

One reason why minerals are pushed to the back of public consciousness is the very remoteness of the industry. It is simply not in the back garden of the urban-dwelling American. The industry takes up less than 1 per cent of the U.S. land surface. But when minerals are considered more actively, the thinking is frequently antagonistic.

Savaged

Memories of landscapes savaged by primitive opencast coal mining die hard, for example. Ms. Sylvia Sitzman from Denver and the pro-industry organisation, Women in Mining, has likened the industry to the villainous cowboy of the old movies—the cowboy with the black sombrero.

"Mining carries such appellations as 'rape, ruin and run' and conjures up pictures of scarred lands, blackened miners at the end of their shift, and 'obscene profits' for executives. To the public we wear black hats."

The result is that in political terms the industry carries little weight at the grassroots. Its lobbying in Washington therefore lacks force. "We need the support of the general public to reverse the trend towards passing laws and promulgating rules and regulations inimical to our industry. The usual lobbying channels can only be partially effective unless accompanied by public approbation," said Ms. Sitzman.

The list of "inimical" laws is lengthy. Between 1970 and 1977 ten major laws covering clean air, water pollution, marine protection and sanctuaries, insecticides, drinking water, toxic substances, resource conservation, surface mining and reclamation were passed. Many of them were interrelated. Each spawned its own specific regulations and caused a multiplication of enforcement agencies, at both federal and lower levels.

In 1976 the Federal Land Policy and Management Act (the BLM Organic Act) was passed which gave the State authority to manage public lands, and embraced the principle for the first time that the State would have a permanent role of control and supervision.

All of these Acts impinge on the mining industry directly or indirectly and represent an effective shackling of its activities. But their existence raises two difficulties.

The first is that the Acts have been adopted in piecemeal fashion. They are not part of a cohesive policy, the effects of which can be measured and taken into account. It is only in the last couple of years that an effort has been made within government circles to try to assess benefits against costs, but as officials at the Environmental Protection Agency (EPA) concede, the state of knowledge in this field is limited.

The second relates to the application of the "polluter pays" principle. The system adopted is generally one of blanket controls related to an absolute standard. As Mr. Douglas Hale, the senior economist at the EPA, told the industry during the autumn; "By law ambient air standards are health-based—economic impacts cannot be considered in setting the standard. However, economics can be considered in implementing the standard."

But such consideration is, it appears, only being belatedly applied. For the copper industry the cost of meeting regulations is reckoned by the Department of Commerce at $4.5bn in 1974 dollars for the period from 1974 to 1987.

Ultimately such costs will be passed on to the consumer, most likely during the next decade as funds destined for investment in greater capacity are diverted, helping to contribute to supply shortages and hence to higher prices.

At present, costs to the consumer are disguised because poor markets have held down prices and the industry is taking the strain. Copper executives calculate that between 10 and 15 cents from the revenue of every pound of metal sold are going on meeting regulatory costs. The prevailing market prices are around 70 cents.

The strain will not of course last for ever. But the effort to gain some immediate relief led the industry to seek protection. At the end of last October, however, President Carter rejected the recommendation of the Federal Trade Commission for an import quota. Efforts to effect a change in the tax laws of Arizona, the main copper producing state, met only limited success.

The Administration has nevertheless accepted the point that there is an inflationary element in the imposition of regulations, and this recognition could be the catalyst for a change in the mining industry's position both in regard to the U.S. Government itself and through that to society at large. "The regulatory approach in the U.S. has been adversary until very recently," admitted one official.

Last March President Carter signed an Executive Order requiring Government agencies to analyse the cost effectiveness of all proposed regulations and to work out the implications of alternative approaches.

Review

Just as significant in the longer term is the non-fuel minerals policy review which is passing now from the fact-finding stage to the working out of policy recommendations. There are three points of importance about the review.

The first is that it singled out minerals as the first area for review following a reorganisation of the executive office of the White House and thus made apparent the Administration's concern about the industry. The second is that the review brings together with industry all the Government departments and regulatory agencies in an attempt to balance all the interests involved.

The final point is that it is giving special attention to minerals where the U.S. has a high degree of import dependence. This is not only a question of being concerned about the balance of payments. It is an attempt to come to terms with the strategic role of the industry.

P.C.

S. Africa holds a trump card

SIDE BY SIDE with the political clamour about South Africa and within southern Africa, the value of South African mineral exports has never been so high and their importance to the South African economy has never appeared so pronounced.

Recent trade figures present in acute form the other side of the argument about the impact of any move to impose international sanctions against South Africa. The debate is usually couched in terms of whether the industrialised countries can do without South African minerals. It is equally legitimate to ask whether South Africa can survive without its mineral exports.

Minerals account for about half of South Africa's export earnings and within this sector gold is the staple. Last year there was a steady improvement in the country's current account surplus, which reached R662m (£379.9m) in the third quarter, after R201m in the second quarter. The main reason was the higher price received for gold, a raw material of only limited strategic value.

Gold earnings have jumped sharply. From a seasonally adjusted annual rate of R2.7bn in the third quarter of 1977, they climbed to R3.5bn in the second quarter of last year and a highest ever R4.1bn (£2.35bn) in the September quarter. When it is released, the figure for the final three months of 1978 will no doubt be higher still.

Diversity

The bullion price on the international markets moved from $165.125 an ounce at the end of 1977 to $226.375 at the end of 1978, having touched a record high of $245.125 during October.

South Africa's great asset, however, is the diversity of its output, making it a minerals producer for all seasons. Latterly there has been benefit from the surge in the prices of precious minerals — not only gold, but gem diamonds and to a lesser degree platinum. In the event of sustained international economic recovery revenues from iron ore and non-ferrous metals will rise and the expansion of coal exports will go ahead rapidly rather than steadily. Its uranium, mostly produced as a by-product of gold, continues to attract international customers.

But there is a further category of minerals which gives South Africa a greater political significance. It holds the world's largest reserves of chrome, manganese, platinum group metals and vanadium, for which the other major source, with the exception of chrome, is the Soviet Union.

Over the years there has grown up a dependence on South Africa for the greater part of Western supplies for these minerals, with their use in the high technology and armaments industry. This has given South Africa a political card which it does not hesitate to play.

The card is its image of being a stable non-Communist producer, with a network of established trading links to the industrialised countries of the West, and a record of reliable delivery, needing and absorbing with the offer of good potential returns substantial amounts of Western capital. Its Achilles heel remains the pursuit of internal social policies which are widely disliked.

Cautious

Although there is a much more cautious approach to new mining investment in South Africa, there is little to suggest that the possibility of internal unrest has acted as a deterrent to the purchase of South African minerals. Indeed the downturn in mining investment has inhibited the search for alternative sources and if anything has enhanced the importance to the west of South Africa as a minerals supplier.

Events over the last year or two have played into the South African hand. The presence of Cuban troops to the north, as surrogates for the Soviet Union, has added point to the South African argument that the Communists are a menace to the stability of Africa, while the unrest in Zaire gave a warning of the effect on mineral supplies of political instability.

The revolt in Shaba province against the Kinshasa Government of President Mobutu not only checked the lagging expansion programme of Gecamines, the State-owned mineral group, but had an immediately damaging effect on cobalt supplies to the Western markets. Cobalt and copper are produced together from the Zaire mines.

Statistics from the U.S. Bureau of Mines show that in April, 1978, U.S. cobalt imports were 1.65m lbs. In May, as the Shaba mines were closed by the fighting, imports dropped to 736,000 lbs. They picked up in June, July and August, but then fell back to 1m lbs for the remaining months of the year.

Such a contrast to the steady flow of materials from South Africa as this implies only remains valid of course if there is no social or economic upheaval in the Republic. If the status quo is maintained, then the main problems facing the mining industry are internal, although they are shared to some extent with other producers.

The South African inflation rate has continued to run at a high level and this has been reflected in the increase in mining costs. The chairmen of the Orange Free State gold mines in the Anglo American Corporation group recently noted that the unit cost of power had increased by 167 per cent between 1972 and 1978. Over the same period the delivered cost of steel plate had moved up by 257 per cent.

The wages of black mineworkers have risen by 400 per cent in the last six years and more money is being spent on training and social amenities in an effort to keep a more stable labour force. Although the size of the labour force has grown, productivity has declined.

Faced with the escalation of costs and the existence of racial discrimination in the granting of jobs, which holds back the development of a skilled non-White labour force, Mr. L. W. P. van den Bosch said in his June presidential address to the Chamber of Mines: "It is clear that cost escalation in the absence of progressive relaxation of the restrictions on the more productive employment of labour can only lead to the destruction of the mining industry."

The remarks were made not so much for ideological reasons but as a means of putting pressure on the South African Government to relax controls so that the country can "marshal its resources" to face "a watershed in political, economic and social development.' Mr. van den Bosch also said that inflationary pressures 'were not only eroding South Africa's ability to compete in world markets but also rendering many of its underground mineral reserves uneconomic to mine."

The point is that both internal and external presures seem to be giving the industry a much more fragile appearance than is visible at first sight.

Nevertheless, the industry is undergoing expansion. The development of new port facilities at Richard's Bay on the east coast is opening the way to a higher level of coal exports and the building-up of a beach sands industry. Three new gold mines are either preparing for production or have started in a limited way.

Base metals discoveries in the north west of the Cape province have opened up the possibility that a major new minerals area is on the verge of exploitation. Capital is moving into uranium development in Namibia (South West Africa) and into diamond mining ni Botswana. The gold mines are expanding their uranium facilities, largely with funds from consumers. South Africa remains the dominant force in the continent's mineral industry.

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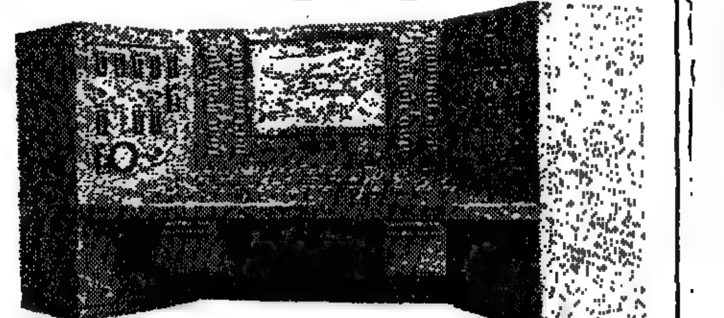

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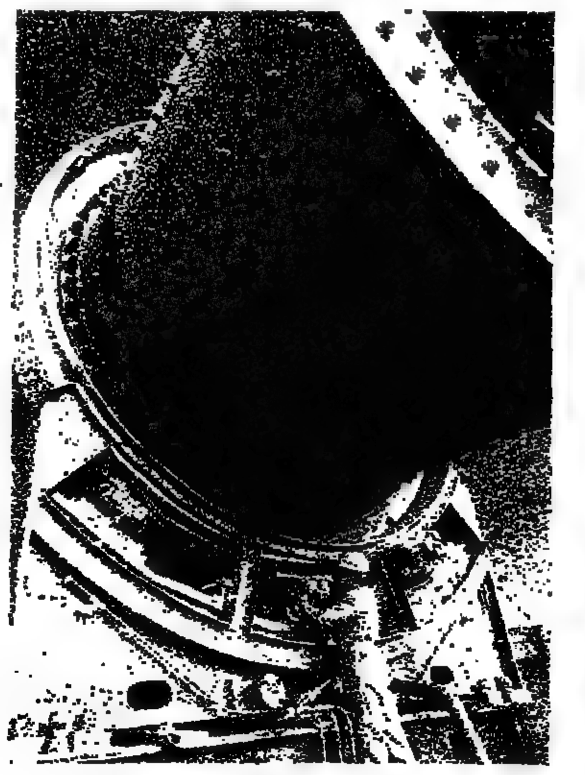

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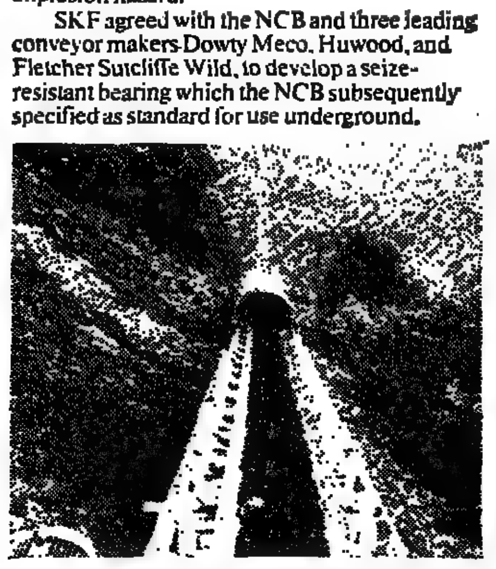

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Use of the world's mineral resources ranges over an extremely wide field — from energy production through many sectors of manufacturing industry to the decorative art of jewellery. On this and the following page members of the Mining and Commodities Staff review trends in exploration, output and prices.

Minerals and their markets


Diamond cutting in progress in a Johannesburg factory

Lead and Zinc

LEAD PRICES have moved erratically during the past 12 months, falling to a low of £225 a tonne last February and rising to a record level of over £470 in early January this year. Lead on the whole missed the general recession in demand that undermined other base metals, and as the year progressed a shortage of concentrates and top quality brands developed following some heavy buying by Communist bloc and Far East countries.

Stocks of lead in the London Metal Exchange warehouses have fallen to the lowest level for nearly five years, and there is an acute scarcity of supplies immediately available to the market. Normally in these circumstances the high prices can be expected to attract fresh supplies of secondary scrap lead.

But currently supplies of scrap lead are also tight as a result of the lack of capital investment during recent years. At the same time primary lead output has been cut back as a result of production cutbacks in its sister metal, zinc. This has created a shortage of concentrates throughout the world and forced many smelters to work below their normal capacity or to close down for a time.

Meanwhile demand for lead has remained fairly good, with new uses such as lead shields for nuclear reactors helping to offset the gradually diminishing use of lead in petrol. Developments in battery manufacture have also brought some extra demand for primary lead replacing secondary lead previously used.

But the biggest pressure on the market has come from the Soviet Union emerging as major buyers again and removing a large proportion of the warehouse stocks. If the cold spell in Europe and United States continues for an abnormally long time it can be expected to boost demand for batteries and lead still more. Otherwise it is expected that prices will fall back, at best temoparily, just as they did in 1977, when the immediate scarcity of supplies eases.

Zinc prices have risen as the severe production cutbacks introduced throughout the world have gradually eroded the massive surplus stocks that were so depressing the market. But although prices have risen substantially, the European producer price at $720 a tonne is still below the level of $795 four years ago, and it is estimated that to stay in line the current price should be $1,000, taking into account the devaluation of the dollar and inflation in the meantime.

However, it is likely to be a long haul since demand for galvanising—zinc's main outlet—is still hit by the recession in the world steel industry, and zinc also faces tough competition in its second biggest outlet, die-casting, especially in the automobile industry.

Both lead and zinc could be boosted by the U.S. stockpile authorities deciding to replenish their supplies to the required level, although this would probably only provide a long-term stimulus, with purchases spread over several years. Silver, however, could be depressed by the propose sale of surplus stockpile silver to obtain funds for purchasing materials in deficit. Silver prices have so far lagged well behind the spectacular rises in other precious metals, gold and platinum.

Speculators in the U.S. have prefered to buy gold rather than a substitute, silver. At the same time with industrial demand for silver rather sluggish and supplies plentiful, there has been little incentive for prices to rise sharply.

Diamonds and Platinum

AFTER HITTING a record of R920.6m (£530m at current exchange rates) in 1973, world diamond sales marketed by the Central Selling Organisation (CSO) on behalf of De Beers and other producers eased back in the following two years. But since then the industry has enjoyed an unprecedented boom.

Sales for 1976 advanced to R1.35bn and rose further to R1.8bn in 1977. Last year sales broke all records to reach a total of R2.22bn.

As with gold, demand has contained a large element of hedging against the U.S. dollar; the U.S. market accounts for about 50 per cent of all gem purchases.

The CSO not only regulates the amount of rough (uncut) diamonds offered on the market, but also fixes prices. Bearing in mind the fact that these prices are never reduced (that also applies to De Beers' dividends) the average price of gem diamonds was raised in March 1977 by as much as 15 per cent, the biggest increase in 26 years when adjustments for currency devaluations are excluded.

This was only a taste of things to come. There was a further price increase of 17 per cent in December 1977, followed in August 1978 by one of 30 per cent, the biggest ever made. Even more remarkable were the 1978 temporary surcharges on CSO prices. These amounted to 40 per cent, 25 per cent, 15 per cent and 10 per cent, respectively, at the March, May, June and July "sights," or sales, of which there are 10 a year.

The surcharges, together with a certain amount of judicious credit-squeezing, successfully took the heat out of a situation whereby diamond merchants were holding on to the stones as a hedge against currency and other uncertainties instead of passing them along the processing and marketing chain that leads eventually to the High Street jewellers.

Meanwhile, the market remains firm and there seems little doubt that despite the price increases the "buffer" stocks of diamonds held by the CSO must have been considerably run down. New mines are being developed to replace the deposits being worked out but fresh discoveries are tantalisingly rare. Against this background a high degree of excitement thus attends the Australian diamond exploration which is being spearheaded by Conzinc Riotinto of Australia.

Last year's sharp recovery in platinum was occasioned more by a sudden and still largely unexplained cessation of Russian exports of the metal than to any large degree of currency hedging. Industrial demand picked up, but not to the extent that the two major Western producers, South Africa's Rustenburg Platinum Mines and Impala Platinum, were prepared to restore the cuts in production that had been made earlier.

Instead the South Africans, together with Canada's Inco, which produces the precious metal as a by-product with nickel, were content merely to raise their selling prices. This they did in stages, the producer prices moving up from $180 per ounce at the beginning of 1978 to $300 at the end of the year. On the free market prices advanced from $185 to $354 in the same period.

As for the current outlook for platinum, much depends on how well the market will absorb the Soviet supplies if and when they return in full strength. Otherwise, Rustenburg—which is now reinstating part of its capital development programme—takes the view that demand from the U.S. motor industry is increasing but expects little further change in the near future in that for industrial and jewellery purposes.

Uranium

URANIUM is in vogue for an industry whose exploration and development priorities tend to go in fashionable cycles. The energy crisis of 1973-74 saw to that, and in the U.S., for example, exploration expenditure in 1977 at $258m was eight times higher than the amount spent in 1972.

But the extravagant hopes for uranium of four or five years ago have proved unfounded. The prospect of steadily rising prices has been forgotten. The expected upsurge in nuclear power station building has not taken place and spot uranium oxide prices have been on a plateau at just over $40 a pound.

There is a general expectation in the industry that prices will remain static perhaps until the mid-1980s, when they could rise sharply again as more nuclear power stations come on stream and, it is hoped, some of the opposition to nuclear power generation fades away.

For all that, the industry remains in an expansionist phase and among the main producers, the U.S., South Africa, and Namibia, and Canada, it is thought by the International Atomic Energy Agency that production by 1983 will be more than double the 1977 level. Over that same period, some Australian production from the major deposits of the Northern Territory should start to flow on to the international markets.

Australian production has been held up by the need to reconcile divergent groups opposed to mining. This has led to fears in Australia that the country will not gain the maximum economic benefits from rich, low-cost deposits which have attracted potential customers for years.

The fear is that recently discovered deposits in Saskatchewan might come on stream and pre-empt the Australian role on the international markets. For there is no doubt that the most striking developments in the international industry over the last two years have been taking place in Canada. Up to $2bn will be spent on uranium in Canada over the next decade.

However, Australia's place on the world markets could also be threatened by the expansion of the South African industry. There uranium is produced as a by-product of gold, and the mines have been investing heavily with the aid of customer finance—largely, it appears, from Europe—in an expansion of plant facilities. Sales contracts for the greater part of projected output are generally signed before the expansion starts.

Aluminium

ALUMINIUM SUPPLIES are adequate at present, but there are fears that a shortage could develop if current trends persist. In 1978, it is estimated, non-Communist world production rose by just over 2 per cent, while consumption went up by about 7 per cent.

However, while the underlying supply-demand picture for aluminium remains strong, 1978 saw periods of weakness owing to faltering demand in some quarters and the Japanese industry is still working much below capacity. Producers have gone a long way into making aluminium more profitable by raising prices to more realistic levels instead of "buying" sales by competitive pricing, but 1979 could be a testing period if the expected downturn in U.S. industrial activity occurs.

The steep rise in oil prices is a serious blow since aluminium production requires a higher energy input than most other metals, notably copper. The rise in costs will mean further price increases that could well blunt a so-far successful drive by aluminium into new markets.

The entry of new, independent aluminium producers outside North America and other industrialised countries means that the big established producers are no longer able to control prices as well as in the past. The change in foreign exchange rates and the slide of the dollar have created further confusion.

A new challenge to the producer price system for aluminium was launched by the London Metal Exchange when it introduced its first-ever aluminium futures contract in October. The market, which is bitterly opposed by producers, has got off to a quiet start with stocks attracted to the Metal Exchange at a disappointingly low level.

However, its importance as a price-fixing medium, reflecting trends in the free market, is likely to grow over the years, especially if over-supply develops again. At the moment this seems unlikely for several years, but it is significant that two Eastern European aluminium producers already are reported to be using LME prices in their supply contracts.

Meanwhile, a significant development in bauxite pricing starts in 1979 with the decision by member countries of the International Bauxite Association to index bauxite at 2 per cent of the average list price of aluminium ingot. While the indexation rate for the minimum price of metallurgical grade bauxite will be held to 2 per cent in 1979, the association endorsed the objective of a bauxite price of 2.5 to 3 per cent in normal market conditions.

However Australia, the world's single biggest producer of bauxite belatedly revealed that it was not in favour of setting prices in this way without prior consultations and agreement with consumers. This suggests that other producers may find it hard to implement the indexation proposal.

Nevertheless, the principle of indexing raw material supplies on the price of the manufactured product could have far-reaching implications.

Coal

COAL "will enjoy an Indian summer as an energy source, its task being to bridge the gap between the realisation that there are limitations in oil resources and the large-scale introduction of new energy forms. This Indian summer is unlikely to be an historically long one, and it would be unwise to project the dominant role of coal much beyond the early part of the next century."

This forecast, by Mr. R. E. Burnton of the coal division at General Mining and Finance, summarises the reasoning behind the extensive exploration and development being mounted by the mining industry to exploit new sources of coal.

At the same time, his comment explains the attraction of coal for an oil industry anxious to diversify. If oil and natural gas resources appear finite, then no such limitation is apparent for coal, where annual international consumption is about 2.5bn tons, but where recoverable reserves are about 700bn tons. Further, the oil-coal price ratio has swung towards coal since 1973-74.

Development in the industry has continued in spite of recent sluggish markets, the result of three years of world-wide recession. Indeed, markets have been depressed enough for the Australian Government to single out coal as one of the raw materials over which it intends to exercise a degree of supervision on export contracts. This was done in the face of lower demands from the Japanese steel industry.

The Japanese, as major consumers, have been in a buyers' market, with Australia, Brazil, India and South Africa vying to maintain or expand their places in a diminished market. In all of these countries, development potential is great.

But much new coal production, either coming or destined to come on stream is for domestic use as part of more or less coherent policies to hold back dependence on oil. This is true in the UK, in spite of the build-up of North Sea oil production. In the U.S. coal is seen as playing a larger role in meeting the nation's energy requirements.

U.S. coal production should reach 1.2bn tons a year by 1985 if present targets are met, but as output is still running at about only 700m tons a year, the target looks unattainable. The U.S., meeting in acute form a series of problems common to industrialised countries, has so far failed to arrange a marriage between the policy desire of exploiting abundant reserves and agreed techniques on how this should be done in environmental terms.

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WORLD MINING V

Tin

TIN PRICES rocketed for the second year in succession during 1978, with the cash price in London topping £8,000 a tonne for the first time ever in November.

Subsequently, the market has eased back again, but a shortage of immediately available supplies remains, with prices at historically high levels both in London and in Malaysia.

What is not yet clear is whether the Administration will continue to back proposals for the sale of a further 30,000 (or possibly 40,000) tons of stockpile tin on to the market in order to bring down prices by relieving the present shortage of supplies.

Earlier proposals became entangled with plans to use the money obtained from tin sales to finance the purchase of other materials, notably copper, which the stockpile requires.

There is strong opposition from tin-producing countries, especially Bolivia, to stockpile releases of such a size even though America has pledged they would not be sold in a manner as to depress the market unduly below the levels set by the International Tin Agreement, of which the U.S. is now a member.

At the same time, it is no longer so certain that stockpile tin is required to make up for a shortfall in production to demand.

However prospects for a further advance in 1979 are none too bright. Indeed a fall in prices could well be on the cards. A better idea of price trends for tin should become clearer when the U.S. Administration reveals its intentions about securing releases of surplus tin from the strategic stockpile.

It spent most of 1978 unsuccessfully trying to persuade Congress to authorise releases, including a last-ditch attempt in November just before Congress went into recession when tin release proposals were attached to a Sugar Bill that was unexpectedly defeated.

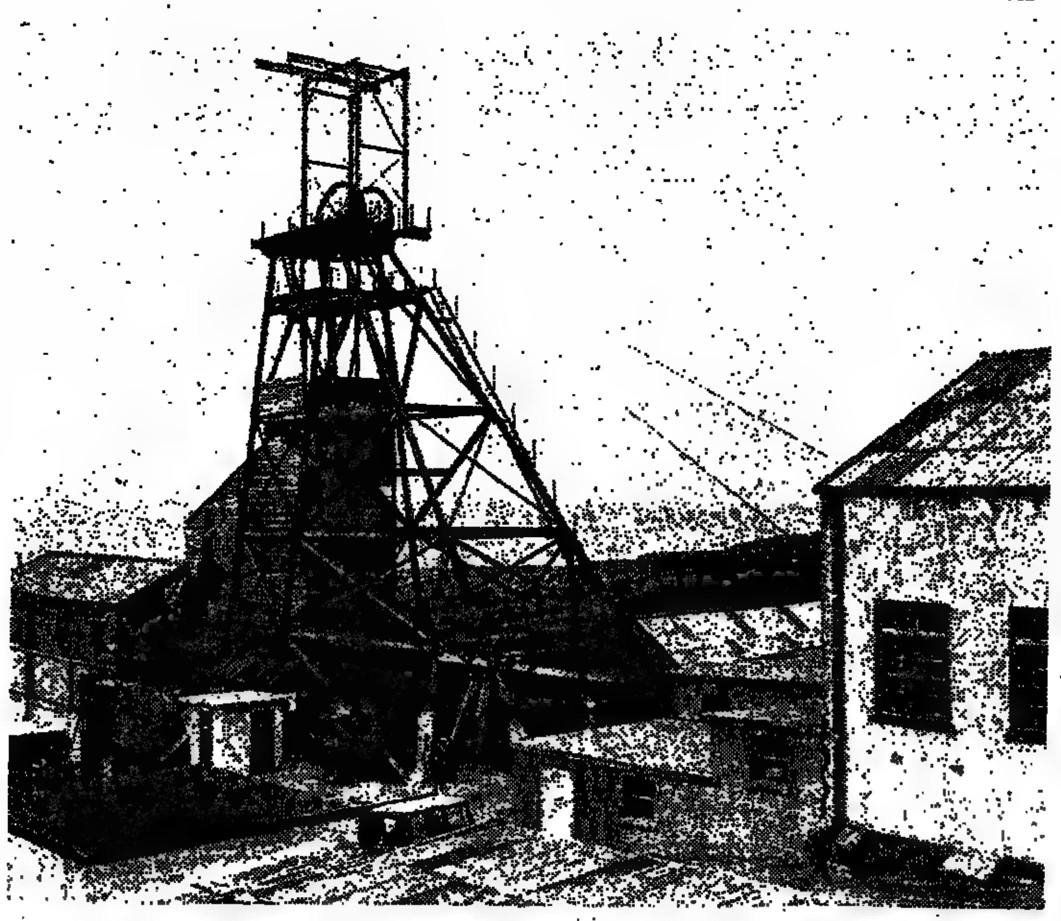
The Administration has pledged that it will ask the newly-elected Congress, which takes office this month, to authorise the release of 5,000 tons of stockpile tin to provide the voluntary contribution by the U.S. to the buffer stock of the International Tin Council.

Latest indications are that the effect of high prices and shortages in reducing consumption, and a mild increase in production, may have brought supply and demand roughly into balance again. What is not known is how much consumers have been holding off buying in anticipation of stockpile releases as happened in 1978 before they were forced to pay record prices in a market starved of supplies.

Certainly with current high interest rates there is little incentive for consumers to build up stocks with the prospect of stockpile releases. The shortage of nearby supplies, which was the dominant influence in pushing up prices, seems to have eased significantly.

Prices, however, remain well above the International Tin Agreement "ceiling" of 1,700 Malaysian ringitts per pikul (133.3lb) and London Metal Exchange warehouse stocks are at a very low level.

In the longer term, the world cannot go on relying on U.S. stockpile tin supplies to fill production shortfall. Thus, producing countries can be expected to press for further rises in the Tin Agreement price ranges to provide the guaranteed incentive required to expand future production.



The Geevor tin mine near St. Just on the coast at Land's End, Cornwall

Gold

THE BELL rang for one of the bitterest fights in monetary history when in March, 1968, a free market in gold was finally allowed to develop after 34 years of a fixed price of $35 per ounce.

Putting their trust in the gold corner were those who regarded the metal as a far safer store of value than paper currencies. In the opposing corner stood the U.S. dollar and its supporters whose cry was "Demonetisation of this barbaric and outdated relic of exchange"—one produced moreover, mainly under the restrictive regimes of South Africa and Soviet Russia.

After some leisurely sparring gold began to get the upper hand and the free market price established a fair premium over the official level. But it was not until 1973 that the free market price really began to take off. It started the year at around $65 and reached $128 at the half-way stage before entering 1974 at a more cautious $112. The latter part of 1974 brought a great leap forward to a peak $195½ in December.

Then came a swift upper-cut from the dollar corner with the decision to allow U.S. citizens to buy the metal—from the U.S. Treasury—for the first time in 41 years. The much vaunted new market for the yellow metal turned out to be an unmitigated flop. U.S. buyers in January, 1975 showed about as much enthusiasm for gold as for second-hand Christmas trees.

Free market gold prices dropped steadily throughout the year and continued to sag in 1976 when the market was dealt another body blow by the International Monetary Fund proposal to auction off at regular sales a total of one-sixth of its gold holdings, or some 25m ounces, the proceeds of which were to help the developing countries to finance their balance of payments deficits.

The first of these IMF auctions was made in June 1976 and after the second, in July, the price of gold lay flat on the canvas at $105½. But this was the turning point because at the third auction in September of that year all the 789,000 ounces of gold on offer were sold at an average price of $109.40 and despite threats of increased sales by the U.S. Treasury, gold recovered to close 1976 at $134.

If IMF and U.S. sales of gold had previously depressed the price of bullion, they had not demonetised the metal; nor had they done much to help the dollar which, with other currencies, was looking decidedly uneasy. And as the dollar continued to weaken, gold drew fresh strength. During 1977 the price moved ahead to above $170 by the end of the year and in October 1978 it hit a highest-ever $245.

After such a swift advance a reaction was inevitable and the catalyst for this was the announcement of a hurriedly put together $30bn package of measures to support the weak dollar. Of these the most important for the gold market was the decision to double the monthly offerings by the U.S. Treasury of the "non-monetary" metal to 1½m ounces a month as from December 1978. The bullion price subsequently fell to a little under $200.

This monthly offering (which comes on top of the monthly sales of 470,000 oz by the IMF) is equal to a rate of 560 tonnes a year and compares with South African production of just over 700 tonnes a year and annual Russian sales estimated at between 300 tonnes and 400 tonnes. However, the bullion market regained its aplomb following the first of these enlarged offerings when it was learnt that bids were received for as much as 2.7m ounces at prices ranging between $199.78 and $217.50.

The strength of gold has been a direct reflection of the weakness of the dollar. In terms of strong currencies such as the Swiss franc and the Deutsche Mark, the price of gold has risen very little over the past two years. Consequently there has been no falling off in the basic industrial, as opposed to "investment," demand for the metal as occurred in 1973-74 when jewellery manufacturers found themselves being priced out of the market.

This is a particularly important point in the light of the fact that industrial demand accounts for some 1,200 tonnes a year—more than the combined production of South Africa and Russia. It should also be noted that the higher gold prices have not stimulated new production of the metal and many existing mines have taken the opportunity to work the lower grade ores which were previously uneconomic.

Gold is clearly leading the dollar by a large number of points, but the fight is not yet over: any dramatic improvement in the world economy and in the standing of the dollar could redound to the disadvantage of the bullion price.

Much of the bitterness, however, has gone out of the contest. Supporters of gold over paper currencies have seen their point proved. And while the metal continues to enjoy a good industrial demand its monetary role, far from being ended, has been officially recognised in the European Monetary System arrangements whereby the EEC central banks will be able to mobilise part of their gold reserves, at a market-related price, to settle transactions among themselves.

Copper

COPPER PRICES are in a rising trend. But the increase so far has been disappointing for producers in view of the supply setbacks and strong demand that has only recently started to push the market to a higher level.

Instead, the rise in prices throughout the year barely kept up with inflation and many producers are continuing to operate at a loss and there is no incentive to invest in expanding production.

1978 was an eventful year for copper, despite the sluggish trend in the market. Perhaps of most lasting significance was the decision by Kennecott, the largest U.S. copper producer, to abandon the producer price system and instead base its prices on the daily quotations on the New York copper futures market (Comex).

Anaconda adopted a similar system, and although other producers are sticking by the producer price system they have been forced to become much more flexible in changing prices to remain competitive.

Kennecott took the dramatic decision to stop fixing its own prices in order to become competitive with the rising tide of imports available at much lower free market prices. The new aggressive attitude helped Kennecott, and other U.S. producers, recapture lost sales partly because good demand meant there was no difficulty in diverting the copper elsewhere.

The invasion of the Shaba province in Zaire, and continuing transport and production problems in Zambia, meant that supplies from the African copperbelt were significanly reduced.

Strikes in Peru and Canada and production cutbacks because of the uneconomic prices have, in fact, created shortage of copper concentrates and good quality brands.

Surplus stocks, which have been the main influence depressing prices, have fallen sharply, too. Stocks held in the London Metal Exchange warehouses have been cut from a peak of more than 645,000 tonnes to the present level of around 370,000 tonnes.

The main exporters have virtually all indicated that they will be supplying less copper under the direct contracts with consumers, who presumably will have to seek alternative sources of supply to make up for the shortfall.

This would suggest that copper prices must continue to rise in 1979. Yet doubts exist. New production capacity is due to come on stream this year—the last legacy of the expansion triggered off by the high prices earlier in the decade. But the main doubts are centred on the prospects for demand.

Gloomy predictions by economists of an industrial downturn, and the recent higher than anticipated oil price rise, have led to expectations of a decline in demand for copper in America during 1979, or at least the second half of the year.

Nevertheless, there is the possibility of the U.S. starting to replenish its strategic stockpile of copper and of China stepping up purchases as part of its industrialisation programme.

It seems very likely, too, that there will be further supply disruptions. So copper prices are expected to rise again from the present depressed levels; the more relevant question is—by how much?

Nickel and Iron Ore

NICKEL REMAINS a depressed market burdened by huge surplus stocks and very competitive conditions. But a glimmer of hope for producers was provided by the news that Falconbridge is actually planning to increase output again in 1979, although admittedly the rise of 10 per cent in output in no way restores the heavy previous cuts in production.

Paradoxically, one reason for the slightly healthier undertone in the market is the four month old strike at International Nickel's Sudbury complex, which provides the bulk of the group's production. Inco has had no difficulties at all in continuing to meet the requirements of its customers by drawing on the massive stocks built up over the long period of overproduction. But although the effect of the strike has just to be assessed it must obviously have reduced those stocks considerably.

Whether the supply situation has improved sufficiently for much-needed price increases to be sustained is open to doubt. International Nickel continues its policy of "confidential" pricing to enable it to remain as flexible as possible to competition from its rivals, who have been seeking some sort of price stability. They cannot generally match the low cost production from Inco's Canadian mines, helped by the fall in the value of the dollar, and it appears to be Inco's policy to keep up the pressure until it regains some of the sales lost in recent years.

However, the key to a real recovery in nickel sales must lie with trends in the steel industry, the main outlet for nickel. At present consumption prospects do not look too bright, especially with the threatened downturn in the U.S. economy. But nickel producers, after the series of cuts in output, are in a healthier state to survive.

Iron ore producers are also continuing to have to live with a depressed steel industry. The Japanese, in particular, have taken advantage of the low level of demand to force reductions in iron ore prices, much to the resentment of Australian producers especially.

With more than ample supplies of iron ore available, and huge known reserves, market conditions remain very competitive, with Brazil particularly seeking to build up its market share to earn much needed foreign exchange.

Mining iron ore at Hamersley Iron's Tom Price site in North-West Australia

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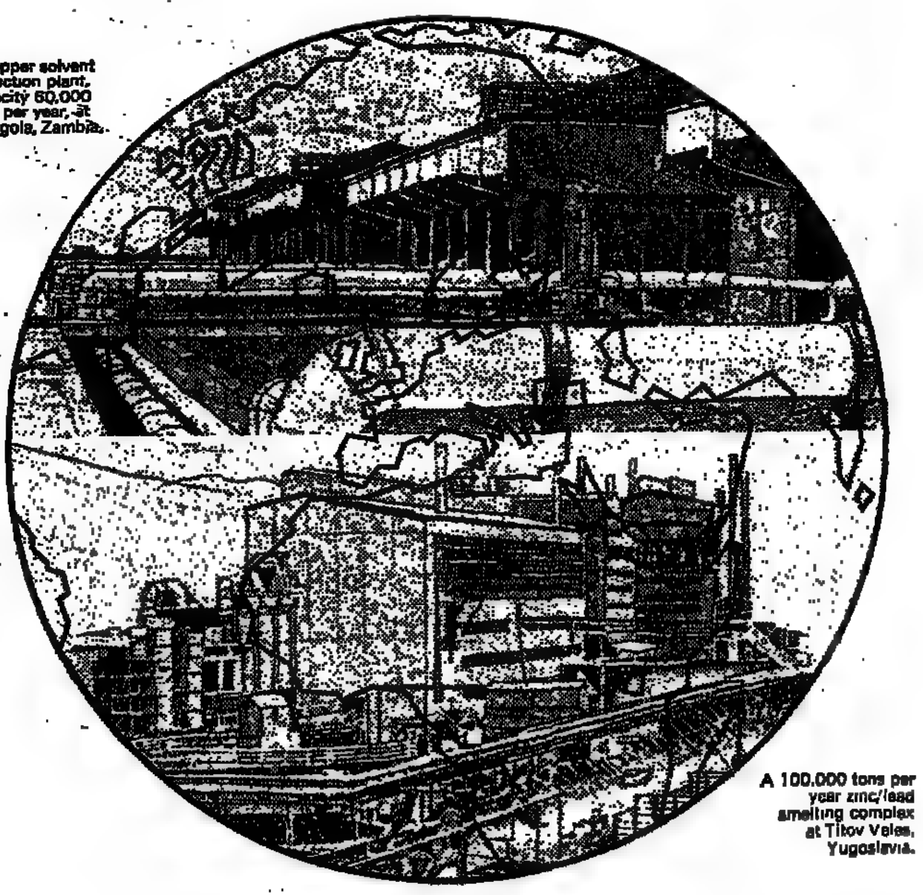

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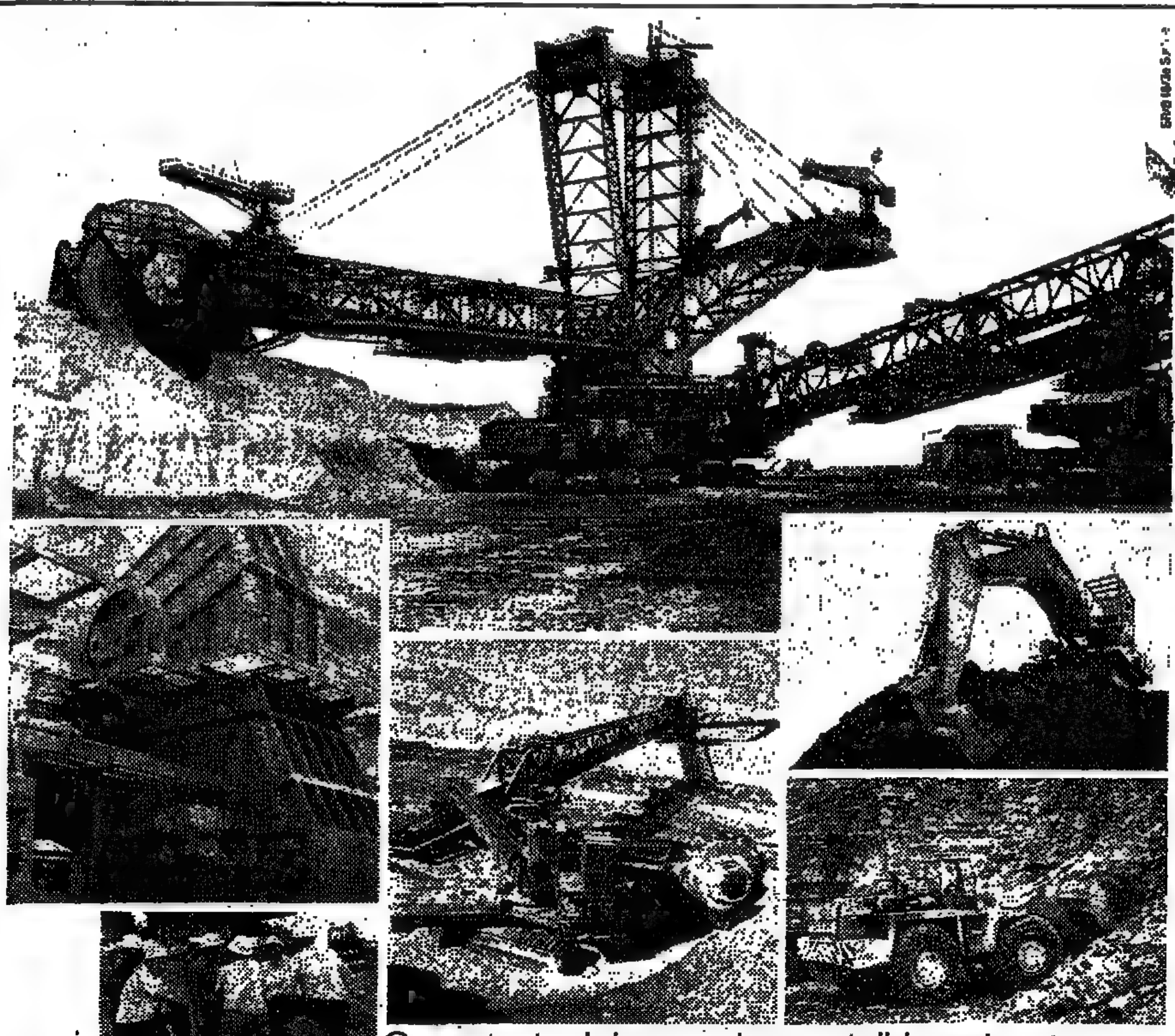

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LOMBARD

First lady of the Treasury?

BY SAMUEL BRITTAN

THERE HAS been much discussion about who would be or should be in charge of Treasury and economic affairs should the Consevatives win the next election. But much of the talk is beside the point. For there is certainly a good chance that Mrs. Thatcher would herself take charge of Treasury matters including direct contact with the top officials involved.

Does that mean that Mrs. Thatcher would be her own Chancellor? Not necessarily. What is often forgotten is that there is no constitutional need for a Prime Minister who wants to run financial and economic affairs to become Chancellor. For the Prime Minister is already the First Lord—or the First Lady—of the Treasury. The question mark in the title relates merely to the uncertainty of the result of the election and therefore the sex of the occupant. The office of Prime Minister arose out of the role of the First Lord of the Treasury, and it was not until well into the 18th century that the "First Lord of the Treasury" became the effective head of the Government and another member of the Treasury board, the Chancellor of the Exchequer, was put in effective control of financial affairs.

Influence

The position was accurately stated by R. E. Welby, who was Permanent Secretary in 1879, as follows: "The Treasury superintends the financial administration of the UK. Two of the leading Ministers of the Crown preside over it. The first is now always the Prime Minister; the second is the Chancellor of the Exchequer, who is the real Finance Minister." (Reprinted in The Treasury, by Lord Bridges, Allen Unwin in 1966.)

In fact, Prime Ministers were quite often their own Chancellors for over a very long period. The men who doubled in the two roles were very much the names one would expect: Pitt the Younger, Canning, Peel (in his first although not in his great administration of the 1840s) and Gladstone in both 1873-74 and in 1880-82.

It is clear that while the Prime Minister's influence over many departments of State depends on his or her general influence over the Cabinet, he or she has direct legal control over every detail of Treasury affairs, if he or she has the desire to use it. The practical question is not whether a Prime Minister can run the Treasury in principle, but whether he or she would, in practice, have time to be an effective economic and financial overlord, given the many other demands, the time and energy.

Precedents here are not entirely encouraging. Mr. Harold Wilson, as he then was, announced that he had taken personal control of economic policy in 1967 as part of a totally ineffective last-minute attempt to avoid devaluation. It was put out at various times during the 1976 sterling crisis that Mr. Callaghan had taken over control of financial policy, partly because of his obsession with the problem of the sterling balances.

In fact the period of greatest Prime Ministerial domination over economic policy was from 1970 to 1974. The much criticised Barber boom was really a Heath boom, over which Lord Barber tried unsuccessfully to exert a braking influence.

On the other hand a decisive change of direction is difficult to make without the Premier's personal involvement. M. Raymond Barre, the author of the current French liberalisation plan was, to start with, Finance Minister as well as Prime Minister.

Ineffective

One great difference between Britain and France is, of course, the existence of a President in France who is in effect in charge of foreign affairs and who chooses which subjects to delegate to the Prime Minister. But whatever Mrs. Thatcher may think, my own view is that a British Prime Minister of any party who really wished to indicate that he had taken personal charge of economic policy would have to be his or her own Chancellor and not try to do it as First Lord.

The combination of roles might not last long; but it would be different from the unfortunate precedents of the past and give the new Prime Minister time to build up a team and decide who is to be trusted and on which subjects.

Champagne prices are bubbling over

WINE

BY EDMUND PENNING-ROWSELL

IT WOULD be idle, indeed pretentious, to deny that champagne is an expensive wine. Relatively it always has been so. In 1939 when one could buy from a leading wine merchant a very decent Médoc at 3s a bottle and a classed-growth for 4s, a non-vintage Bollinger cost around 11s and a 1928 vintage Krug Roederer was 13s 6d. It was hard then to spend as much for a top cuvée burgundy or a first-growth claret of equivalent age.

Now it is well-known champagne prices are going up steeply—the most marked increase for six years—and those who bought in the pre-Christmas period had wonderful oportunities to acquire non-vintage blends at prices that took little account of trade replacement costs, and which will soon seem to have been as low as those that preceded the last sharp price increase at the beginning of 1973. Until then very reputable champagne could be bought for less than £2 a bottle. It is a little early now to state future retail prices, but before long a bottle of champagne could cost not much less than 40-50 per cent more than it did this time last year.

Since price increases on this scale are very likely to lead to suggestions of profiteering, it is worth enquiring why a wine which for all its prestige, is not without rivals among sparkling wines and is so dependent on the world market should appear to be likely, temporarily at least, to price itself out of some of these markets.

The blame if that be the right word, for the present situation in Champagne is, first of all, the result of the extraordinary growth in the demand for the wine in the last 30 years; a growth keenly stimulated by the champagne houses and by the growers themselves. This growth has been achieved to a degree impossible in any other fine quality wine area in Europe. In 1950 the then considered creditable total of 30m bottles left the chalk cellars of the Marne. Yet in 1977 the quantity had reached 170m bottles, and last year's figures are estimated at 185m.

How has this been achieved? Partly by a great but controlled expansion of the vineyard area: from 10,500 hectares in 1950 to nearly 24,500 hectares in 1978. This was possible only because there existed a great deal of authorised land unplanted. Since the 1974 slump further planting has been tightly restricted, and the next five years will only yield production from a further 4,000 hectares, which is about the maximum now envisaged from the amount of suitable territory available. As the average production of this enlarged area is reckoned at 200m bottles, it will be seen that the ceiling of sales has already almost been reached; although increasingly sophisticated viticultural methods have produced increasing yields per hectare.

For the great increase in sales the champagne producers must take the credit, especially in the export markets, largely the preserve of the champagne houses. From a total of 18m bottles in 1964 exports rose to 44m bottles in the pre-slump year, 1973. In this decade the exports to the UK and Italy alone rose from 5.3m and 1.3m bottles respectively to 10.3m and 9.8m. By 1977 recovery on world markets was complete, and the 1978 total is likely to have reached about 55m bottles.

Moreover the slump made the merchants concentrate on the home market, with an energetic publicity campaign run by the trade organisation and sharp price-cutting. As a result the French public has acquired an additional taste for champagne, even at now increased prices—though the biggest beneficiaries are the growers who make champagne from their own grapes, and now have over 40 per cent of the domestic market.

As a result of all this, even before the last vintage the merchants felt obliged to reduce sales by means of raising prices. Then came an 18 per cent increase in the price of grapes and the smallest vintage since 1962—enough to produce only 78m bottles, though sufficient reserves of still wine remaining from the surplus years may be re-classified to bring the total up to 100-110m bottles; still far from adequate to replace stocks.

The wheel has come full circle. For quality to be maintained—and this is champagne's chief weapon in competition with other much cheaper sparkling wines—a merchant must keep three years' stocks in his cellars. The last time prices were sharply marked up was in 1973, when stocks had fallen to an average of 2.7 years' demand. In the succeeding slump period they rose to the excessively high level of 4.7 years. Now they are back to about 2.5 years' sales—worse than in 1973.

Adding to these factors, French cost-inflation at a rate of 10 per cent a year, it will be conceded that a case has been made for the steep price increases that are now in train. Moreover, the Comité Interprofessionel in Epernay has pointed out that within France the price of champagne has not kept pace with the rise in the cost of living. With 1970 as the base 100, by the middle of last year the index price of champagne was 176, compared with 197 for the general cost of living index.

Though it is highly unlikely here in Britain that a bottle of champagne lies in the weighted cost-of-living "basket," it should be borne in mind that in spite of the freight and duty charges—though less than half the French VAT rate—a bottle of champagne has to bear here, it is likely to be no more expensive than in France; and in a restaurant a great deal cheaper. This is partly owing to lower margins and because the British market has traditionally enjoyed preferential price rates, which have not entirely disappeared since our entry into the EEC. One consequence of this preference is that there is a steady under-cover re-export of champagne back to certain Continental countries.

It must also be remembered that in higher-earning France, Belgium and Germany the cost of a bottle of champagne does not look as high as it does here.

None of these explanations lessens the impact of higher prices; and it will be interesting to see whether the effect on demand has a similar result as it did in 1974, when despatches from Champagne dropped by 15.4 per cent. Yet a similar percentage drop this year would only knock 25 or so million bottles off the 1978 total, and last time the fall coincided with the oil crisis. So the present efforts to restrain demand may be insufficient. What should be clear is that at the moment higher prices are inevitable and, unless the bottom drops out of the market through wider economic causes, unlikely to be short-lived. The official estimate of permissible sales growth in the next five years is 5 per cent per annum.

Those people who drink champagne here, however sparingly, should lay in a small supply before prices achieve an optimum that they have not yet reached. Alternatively they must transfer their affections to other sparkling wines made by the champagne method: for example Sparkling Saumur and Seyssel from Savoy in France, the very acceptable Catalonian sparklers, such as Codornin and Freixenet, and even the excellent Ferrari from the Trentino. There may be some, however, who will echo the publicity "*mot*" that appeared on the Paris buses in the last slump—"*Le Champagne—Rien ne peut le remplacer.*"

Badsworth Bay looks in good form for Stourbridge Hurdle

RACING

BY DOMINIC WIGAN

SEVERAL hurdlers entered for the Daily Express Triumph Hurdle are due to clash in the Stourbridge Four-Year-Olds' Hurdles at Wolverhampton this afternoon and the race could give some useful Cheltenham pointers.

My idea of the likely outcome today is a win for Tony Dickinson's twice-raced Will Hay's gelding, Badsworth Boy. A respectable fifth of 23 when a 20-1 chance for a division of Teesside's Wynward Novices' Hurdle on his debut, Badsworth Boy left that form well behind at Sedgefield on Boxing Day.

Taking up the running after clearing the fourth flight in a division of the Mordon Novices' Hurdle, Badsworth Boy proceeded to dominate events completely. Drawing further and further ahead of the odds-on Broad View (runner-up in a field of 19 at Kelso on his previous run) the Gisburn four-year-old hacked past the post fully 20 lengths ahead of the favourite.

If, as is likely, Badsworth Boy has again come on a good deal, there is no doubt that he will take a tremendous amount of beating. I hope to see him give Tommy Carmody (engaged at Punchestown tomorrow and at Gowran Park on Thursday), yet another good winner with a clear-cut success over Aldo.

There are few, more accomplished amateurs riding than Mr. A. J. Wilson, and it could well be that Willie Wumpkins will take him a step nearer the Amateur Riders' Championship with a win in the two-mile seven-furlong Chadsmoor Handicap Hurdle.

Willie Wumpkins, the comfortable conqueror of Straightjacket in a handicap at Stratford on his penultimate appearance last season, ran an encouraging race before running out of steam on his re-appearance in a competitive event over today's course and distance on Boxing Day. The anticipated improvement on that much needed run should see him succeeding in giving 12lb to Gerry Blum's course and distance winner, Score.

There was a good deal of confidence behind the six-year-old Orangeman—when he made his National Hunt debut at Chepstow early last month, and it will be interesting to see how the Fred Rimmell gelding fares in the closing event, Div. II of the Birdgnorth Hurdle.

Orangeman, who faded in the last half-mile to finish ninth of 19 behind Bridge Ash, after pulling hard in the early stages, is capable of much better things.

WOLVERHAMPTON
1.15—Albion Prince
1.45—Delaware Bay
2.15—Badsworth Boy**
2.45—The Corinthian
3.15—Willie Wumpkins*
3.45—Orangeman***

TV/Radio

BBC 1

† Indicates programme in black and white.

9.10 am For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Playboard. 2.00 You and Me. 2.14 For Schools, Colleges. 3.20 Pobol y Cym. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Winsome Witch. 4.25 Jackanory. 4.40 Screen Test. 5.05 John Craven's Newsround. 5.10 Grange Hill.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.50 The Osmonds (London and South-East only).
7.20 Blake's Seven.
8.10 Dallas.
9.00 News.
9.25 Play For Today.
10.35 Tonight.
11.15 On the Rocks.
11.40 Weather/Regional News.

All Regions as BBC 1 except at the following times:—

Wales—10.00-10.20 am I Ysgolion. 5.55-6.20 pm Wales Today. 6.50 Heddiw. 7.10 Pobol Y Cym. 7.40-8.10 A Question of Sport. 11.15 Dechrau Diarad. 11.40 News and Weather for Wales.

Scotland—5.55-6.20 pm Reporting Scotland. 6.50-7.20 Songs of Scotland. 10.35 Tuesday Night. 11.45 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 6.50-7.20 As I Roved Out. 11.40 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth). 6.50-7.20 East (Norwich Sporting Types: Midlands (Birmingham) Look! Here!; North (Leeds) The Unreal World of Patrick Woodroffe; North-East (Newcastle) Tuesday North; North-West (Manchester) A Grand Sing; South (Southampton) Hey Look . . . That's Me!; South-West (Plymouth) Peninsula; West (Bristol) Breakthrough.

BBC 2

10.30 am Worktalk.
11.00 Play School.
2.30 pm The Business World.
3.00 Crime Writers.
3.30 The Living City.
4.00 Conversazioni.
5.00 Open University.
†5.40 Charlie Chaplin: "In the Park." "By the Sea."
6.10 News on 2 Headlines.
6.15 In the Making.
6.35 Indoor Bowls.
7.05 The Great Egg Race.
7.35 The Master Game Trophy Chess Tournament.
8.05 Mid-evening News.
8.10 Life on Earth.
9.05 Call My Bluff.
9.35 Man Alive.
10.25 George Hamilton IV and friends.
11.15 Late News.
11.30 The Old Grey Whstle Test.

LONDON

9.30 am Schools Programmes. 12.00 Issi Nobo. 12.10 pm Rainbow. 12.30 The Cedar Tree. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 2.25 Tuesday Matinee: "Countdown." 4.20 Michael Bentine's Potty Time. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames at 6.
6.25 Help!
6.35 Crossroads.
7.00 Give Us A Clue.
7.30 Charlie's Angels.
8.30 Room Service.
9.00 Strangers.
10.00 News.
10.30 A Tale of Two Cities.
11.30 Snooker—Holsten Lager International.
12.25 am Close: Reading from Jung, with Painting by John Bellany.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.00 Houseparty. 2.25 Raffles. 3.20 Heart to Heart. 3.50 The Entertainers—Vince Hill. 6.00 About Anglia. 7.00 Bygones. 11.30 Our People. 12.00 Police Surgeon. 12.25 am So You're Lonely.

ATV

1.20 pm ATV Newsdesk. 2.25 The Tuesday Movie: "The Purple Plain," starring Gregory Peck. 5.15 Mr. and Mrs. 6.00 ATV Today. 7.00 Emmerdale Farm. 11.30 Butlin's Grand Masters Darts Championships. 12.05 am Something Different.

BORDER

†1.20 pm Border News. 2.00 Houseparty. 2.25 Raffles. 3.20 Heart to Heart. 3.50 The Untamed World. 5.15 Out of Town. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 11.30 Our People. 12.00 Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's on Where. 2.25 Raffles. 3.20 Heart to Heart. 3.50 You're Only Young Twice. 5.15 Mr. and Mrs. 6.00 Report at Six. 7.00 Treasure Hunt. 10.28 Channel Late News. 11.30 Our People. 12.00 Police Surgeon. 12.25 am Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 2.00 The Regions Report. †2.25 Tuesday Matinee: "Only Two Can Play," starring Richard Attenborough, Peter Sellers and Mai Zetterling. 5.15 Mr. and Mrs. 6.00 Grampian Today. 6.05 Out of Town. 11.30 Our People. 12.00 Reflections. 12.05 am Grampian Late Night Headlines.

GRANADA

1.20 pm This Is Your Right. 2.25 Raffles. 3.20 Heart to Heart. 3.50 You're Only Young Twice. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 University Challenge. 11.30 Our People. 12.00 The Girl With Something Extra.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 The Regions Report. 2.30 The Tuesday Matinee: "Stolen Hours." 5.15 Melotoons. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Country Comes West. 7.00 Mr. and Mrs. 11.30 Our People.

HTV CYMRU/WALES—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20-4.45 Goglis. 6.00-6.15 Y Dydd. 10.30 Bywyd. 11.15 World in Action. 11.45-12.15 am Mind Your Language.

HTV WEST—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News Headlines and road report. 2.25 The Family. 3.20 Regions Report. 3.50 Out Of Town. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 7.00 Emmerdale Farm. 11.30 Living and Growing. 12.00 Late Call. 12.05 am Stars on Ice.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 2.25 Raffles. 3.20 Heart to Heart. 3.50 The Rolf Harris Show. 5.15 Sinbad Junior. 5.20 Crossroads. 6.00 Day by Day including Southsport. 6.45 Dick Barton—Special Agent. 7.00 Emmerdale Farm. 11.30 Southern News Extra. 11.40 Our People.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 2.25 Raffles. 3.20 Heart to Heart. 3.50 Bally's Bird. 5.15 You Can Make It. 6.00 Northern Life. 7.00 Emmerdale Farm. 11.30 Our People. 12.00 Epilogue.

ULSTER

1.20 pm Lunchtime. 2.00 Regions Report. 2.30 Tuesday Matinee: "The Mud Lark," starring Irene Dunne and Alec Guinness. 4.18 Ulster News Headlines. 5.15 Cartoon. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 11.30 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 Raffles. 3.20 Heart to Heart. 3.50 You're Only Young Twice. 5.15 Mr. and Mrs. 6.00 Westward Diary. 7.00 Treasure Hunt. 10.28 Westward Late News. 11.30 Our People. 12.00 Police Surgeon. 12.25 am Faith For Life.

YORKSHIRE

1.20 pm Calendar News. 2.25 Raffles. 3.20 Calendar Tuesday. 3.50 The Entertainers. 5.15 Doctor On The Go. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 11.30 Our People.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.00 Andy Peebles. 5.30 Newsbeat. 5.45 Kid Jensen. 7.30 As Radio 2. 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 David Allan (S). 7.32 Ray Moore (S) including 8.27 Racing Bulletin and 8.45 Pause For Thought. 10.02 Jimmy Young (S). 12.15 Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.30 David Hamilton (S). 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S). 6.45 Sports Desk. 7.02 On The Third Beat (S). 7.30 Folk 79 (S). 8.02 Tuesday Night Is Gala Night (S). 9.02 Ian Wallace presents Those Musical Years (S). 9.55 Sports Desk. 10.02 Laughter In The Air (S). 11.02 Brian Matthew presents Round Midnight including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Berwald (S). 9.45 Song Recital (S). 10.30 Schumann and Beethoven violin and piano recital (S). 11.20 Berkeley and Kodaly concert (S). 12.10 pm Cardiff Midday Prom, part 1 (S). 1.00 News. 1.05 The Arts Worldwide. 1.20 Midday Prom, part 2. 2.00 Music At St George's, Bristol (S). 3.00 Quintet of Winds (S). 3.45 Peter Williams (S). 4.55 Berkeley (S). 5.15 Jazz Today (S). 5.45 Homeward Bound (S). 6.30 News. 6.35 At Home (S). 7.30 "The Adventures of Mr Broucek," by Janacek, Act 1 (S). 8.35 In Search of a Librettist (discussion). 8.55 "The Adventures of Mr. Broucek." Act 2. 10.20 The Dark Wood of Dialect: the Tuscan language, by Jonathan Steinberg. 11.20 Mozart (S). 11.55-12.00 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today. Magazine, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 Local Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 Thirty-Minute Theatre. 11.30 Into The Hills. 11.45 Listen With Mother. 12.00 News. 12.02 pm You and Yours. 12.20 Desert Island Discs. 12.55 Weather, programme news. 1.00 News. 1.40 The Archers. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.10 Questions to The Prime Minister. 3.35 Fame Is The Spur (S). 4.30 Announcements. 4.35 Story Time. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather, programme news. 6.00 News. 6.30 The 27-Year Itch (S). 7.00 News. 7.05 The Archers. 7.20 File on 4. 8.00 The Birth of "The Listener." 8.45 Science Now. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 You've Got To Be Joking (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 All That Jazz. 10.03 Late Night London. 12.00 As Radio 2. 12.05 Question Time from the House of Commons. 1.05-Close As Radio 2.

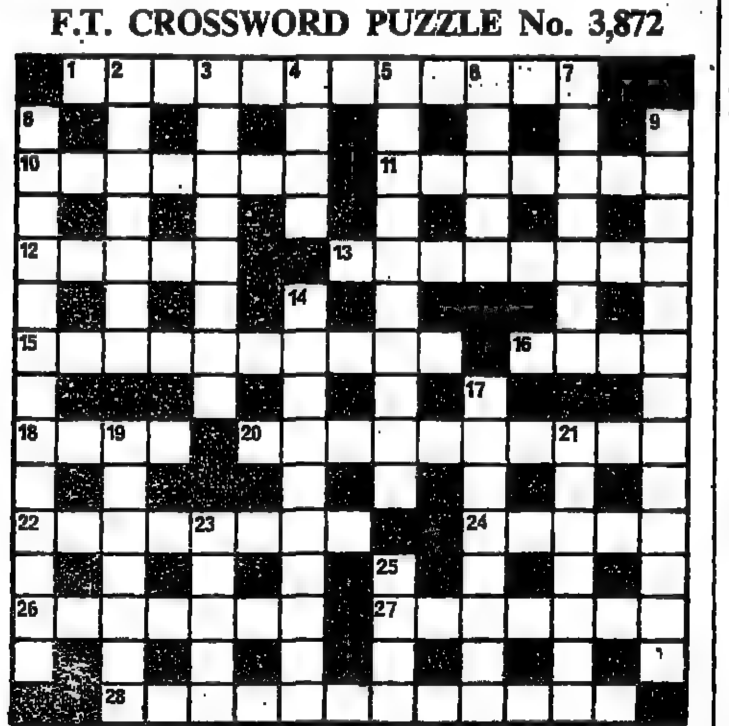
London Broadcasting

5.00 am Morning Music. 6.00 AM: news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Mike Allen (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Your Mother Wouldn't Like It with Nicky Horne (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

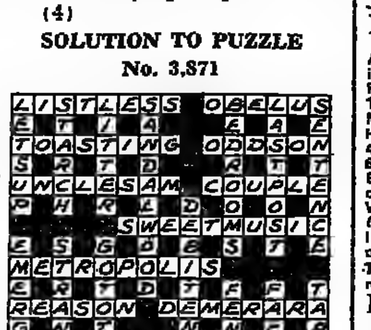
F.T. CROSSWORD PUZZLE No. 3,872



ACROSS
1 Skate perhaps with carpenter in British dish (4, 3, 5)
10 Frame on which climbers are trained (7)
11 The most elegant beast is in France (7)
12 Genuine start of measures in region (5)
13 Famous surgeon round the north-east could be a radio enthusiast (8)
15 Be party to a union within the family (10)
16 Love people to portend (4)
18 Barbarian acquired gas (4)
20 Obstinately self-willed leader with powerful following (10)
22 Invigorating Oriental only lately discovered in boxing arena (8)
24 Unusual reign in West African republic (5)
26 Race programme I put to airman could be from the heart (7)
27 Beat to skip (7)
28 Material taken from act is prosaic (6, 2, 4)

DOWN
2 Not accurate in former performance (7)
3 Large room to check and assess for sign of authenticity and quality (8)
4 Pry and smell an informer (4)
5 Coin I classify in a degree? (10)
6 Unqualified in a pit I must leave (5)
7 Breast-bone of bird in addition (7)
8 Beginning to value the final odds (8, 5)
9 Decoration for leading player and supporter? (4, 3, 6)
14 Tent containing table holding hybrid crane (10)
17 Where one may see spectators going to keep at a distance (5, 3)
19 Fit of ill-temper apparent in distant rumble (7)
21 Duck racing incorrectly—it could be instrumental (7)
23 Be still in game (5)
25 Perfume to put up and down (4)

SOLUTION TO PUZZLE No. 3,871



ENTERTAINMENT GUIDE

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WAREHOUSE. Donmar Street, Covent Garden. Box Office 836 6808. Royal Shakespeare Co. Ton't. Tomor 8.00 Mary O'Malley's LOOK OUT . . . HERE COMES TROUBLE! "Wildly funny" D. Mail. With: Thurs. Fri. Sat. 8.00 new perfs. Howard Barker's THE HANG OF THE GAOL.

THEATRES

CINEMAS

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British Limbless Ex-Service Men's Association

"GIVE TO THOSE WHO GAVE—PLEASE"

THE ARTS

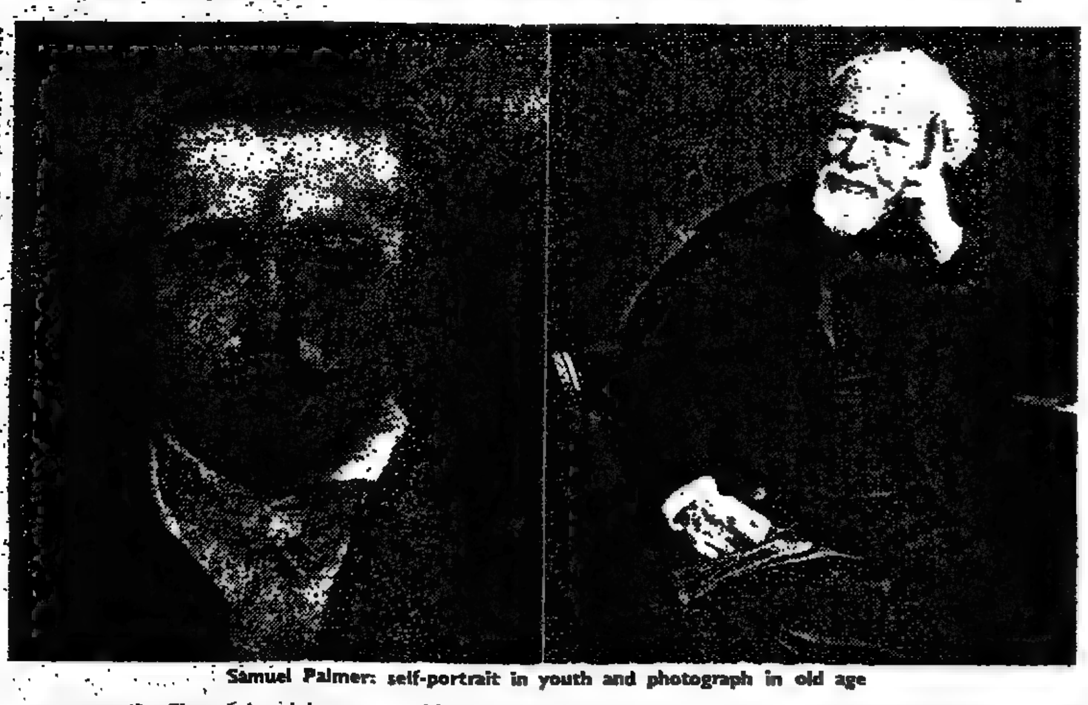
Victoria and Albert

A recaptured vision by DAVID PIPER

"Thoughts on RISING MOON, with raving mad splendour of orange twilight-glow on landscape. I saw that a Shoreham. Above all this, one pinnacle might catch the fire of the last sunlight . . . ." A jotting by Samuel Palmer, of 1860. He was then 55-years-old, and the vision that he had seen in his youth had faded, more than a quarter of a century in the past.

The harvest of that earlier vision, through the years 1825 to 1832, has enchanted a wide public since Geoffrey Grigson's first book devoted to it was published in 1947, and most recently has forced ever closer scrutiny in the wake of the *affaire Keating*. In the post war austerities, Palmer's world offered a landscape of peace and prosperity that matched the expectations that victory was so drearily failing to realise. Confronted with the abundance that glows in the Magic Apple Tree, rtiaon books seemed sheer blasphemy. Moreover, Palmer's drawings seemed not of sentimental nostalgia, but in their essential density, assertions of the possible to warm heart and spirit.

The astonishing originality, the completeness of achievement of Palmer's early work have however dimmed that of the rest of his long life (he died in 1881) almost into extinction. In comparison, the later watercolours can indeed seem frail, diffuse, conventional or even—an adjective often applied—commonplace: barely distinguishable from the work of other competent Victorian watercolourists. They may even call to mind a famous remark of the late Carl Winter, that there was only one thing worse than an English watercolour and that was a faded English watercolour. Certainly, what Palmer called "the unwinning severity, the awfulness, the ponderous globosity of Art," that structures the Shoreham visions, seems to have been lost. However, reappraisal of the later work was begun a decade ago with Raymond Lister's *Samuel Palmer and his Etchings*. The present exhibition at the Victoria and Albert Museum (till May 6), *Samuel Palmer: a Vision Recaptured*, has its roots in that book, and Raymond Lister is to lecture on the literary infinences on Palmer at the museum at 6.30 pm on January 18. The exhibition also heralds publication by the William Blake Trust of an edition, with catalogue, of facsimiles of the complete etchings and related material, though the Trianon Press has produced a splendid handbook to the exhibition itself by way of very grand staging post to the final publication. The exhibition has also provided the Blake Trust with a platform from which to celebrate its own achievement. Its publication of Blake's Illustrated Books is now almost complete, though it is true that the earlier volumes in the series now seem almost as rare as the originals, though not (quite) as expensive if you can find them.



Samuel Palmer: self-portrait in youth and photograph in old age

The challenge, of Palmer's early work to the later, is posed forcefully at the entrance to the exhibition by the presence of one of his most potent, loaded, Shoreham visions: the V and A's own *In a Shoreham Garden*, that clotted apple tree literally exploding with blossom. A few moments' meditation (or recovery) behind closed eyelids after exposure to that may be helpful before engagement with the body of the exhibition. This is concerned primarily with Palmer's arduous struggle to create visual images worthy of those literary texts that moved him most profoundly: Virgil and Milton. Earlier he had in fact achieved this, if not explicitly his all but audible evocations of cumulus cloud over Shoreham match admirably, for example, Milton's "hills of snow and lofts of piled thunder." Later, explicit, matchings are however much more subdued, not least of course because mostly in the black and white medium of the etching. Query: how far is the exhibition's subtitle—A Vision Recaptured—justified? Confronting the famous self-portrait, lent by the Ashmolean, of that austerely rapt dreaming youth, with the posed photograph of the elderly bearded gent that he was to become, radiating mild benevolence if also a strong hint of stubborn eccentricity the beholder may well be struck with fear and pity, especially if he is old enough to recognise as valid the human truth of that mutation.

In fact, the temper of the etchings is very different from the celebration, so extraordinary in its marriage of exultant joy with serenity, of the early images. It is now melancholic, and in a sense a withdrawal. Colour is of course not used in the final versions, the etchings, but the deepening into twilight through the progressive states of each plate is nonetheless fascinating.

As one pores over them, the concentration with which the artist manages to preserve the sense of permeating radiance becomes ever more impressive. That is, in the finest of them, like the *Bellman*, or the *Lonely Tower*. The muting of the magic quality, in the plates left unfinished at his death but later "finished" by his son A. H. Palmer, is very marked. A signal achievement of this exhibition is the sorting out and demonstration of the progressive development of the images, a task that must have demanded endless patience and no mean peril to the scrutineers' eyesight.

Though the main theme is the rehabilitation of the etchings, the show offers, almost phripherally, an exhilarating affirmation that Palmer's vision was far from always lost in his watercolours later in life. Where his imagination was kindled by an intial flash, and then sustained through the frustrating process of transposing it into watercolour, the results can be very far from commonplace.

Besides the big watercolours for Milton's *L'Allegro* and *Il Penseroso*, promoted by Palmer's patron Valpy, the show includes a selection of other late watercolours. Some of these will lift the most obdurate heart. The earlyish views relating to the Villa d'Este are still in mood with Shoreham, different though they be in technique as in subject. The still delicacy of the tall trees as if drifted, but with minute precision, on to the paper. But even later, magic persists. A landscape with a windmill, for example, of around 1851, is of a subject used and abused ruthlessly by Palmer's contempories, and the technique is conventional enough — yet, in the open armed branches of the tree on the right, air and light dance in delight.

Purcell Room

Webern and Schubert

by DAVID MURRAY

Saturday brought the penultimate concert in the London Sinfonietta's splendid Webern/Schubert series. The heroine of the evening was again the American soprano Phyllis Bryn-Julson, whose musicianship extends to the furthest reaches of her tessitura. In the quarter-century since Webern's songs began to reach the public ear, the assumption that an exceedinly "white" soprano timbre was essential for preserving a sense of line through his great interval-leaps has begun to fade. Miss Bryn-Julson's voice is more seductively coloured than that, though it has an instrumental evenness; she etches her phrases in human shapes, and with superb confidence about pitch.

Of the pre-twelve-note song-sets she offered op. 12—winningly delicate and almost catchy—and the Sacred Songs op. 15, with their quintet accompaniment conducted by David Atherton and revealing a quite opulent gleam. The uniquely tough little op. 18 set was a *tour de force*: although when Miss Bryn-Julson sang them at the Barbican a year ago I remarked that "a certain shrillness seems unintended but unavoidable," she negotiated them this time with painless ease, matched in subtlety by the guitar and E-flat clarinet of Timothy Walker and Antony Pay. It may well have been the most serenely lucid account of this set heard yet.

With John Constable alert and severe at the piano, she sketched Webern's last solo songs, op. 23 and 25, in melting pastels. The texts are by the pantheist poetess Hildegard Jone, and Miss Bryn-Julson delivered them with dispassionate caution. Certainly they invite rude parody, but Webern mirrored the sense of every line faithfully, and if the singer had attended as closely to the words she would have placed the weight of several phrases more justly. Her impeccable diction betrays imperfect acquaintance with the language: like two other distinguished Webern sopranos, Marni Nixon and Bethany Beardslee, she suffers from a systematic misapprension about the "ch" sound in German. Is some standard American conservatory textbook at fault?

Of the purely instrumental works the op. 28 string quartet enjoyed a witty, wholly persuasive performance; it seemed a concise and unproblematic masterpiece, one which should figure prominently in the standard repertoire. A student work, a 1907 quartet movement in A minor, proved not to add anything new to our knowledge of Webern's development, though it was aggressively taut; the piano quintet movement of the same year, a broader canvas, sounded under-rehearsed. Schubert had short commons this time: Miss Bryn-Julsen delivered two of his songs, "Suleika II" and the "Lied der Mignon" with cool tenderness, but the E-flat Nocturne for piano trio and the G minor Sonatina for violin (Nona Liddell) and piano shrivelled a bit with Mr. Constable's under-sustained basses and generally dry touch.

St. John's, Smith Square

Lauris Elms by ELIZABETH FORBES

Opera-goers whose memories stretch back to the early 1960s will not have forgotten the Australian contralto Lauris Elms who sang for several seasons at Covent Garden. They will remember perhaps an Ulrica of commanding presence and firm voice and also a wonderfully neurotic Mrs. Sedley—this latter interpretation is preserved on disc in the recording of *Peter Grimes* conducted by Britten himself. Since those days Lauris Elms' voice has grown richer and even more secure, especially in its lowest register, but as she demonstrated in an all Schubert recital at St. John's on Sunday, it has not lost the ability to move fleetingly when required.

Both "Gretchen am Spinnrade" and "Die junge Nonne" were expressed with some delicacy of feeling, though neither offered any very individual turn of phrase. But in the settings of Goethe's "Suleika I" and "Suleika II" Miss Elms not only lightened her voice successfully but also sprang the rhythm of the songs with infectious and convincing dexterity. "Raste Kreiger" and "Jäger, ruhe von der Jagd," two of Ellen's songs from *The Lady of the Lake*, were approached in a similar and equally intelligent way. "Ganymed" and some of Mignon's songs from *Wilhelm Meister*, though smoothly and warmly sung, lacked that clarity of diction which Miss Elms brought to "Suleika" and "Du bist die Ruh."

Not surprisingly, it was the grandest, biggest songs in the programme that received the most impressive performance and the deepest interpretation. "Aufenthalt" illustrated the wide range of the voice and the splendid evenness of tone throughout that range. "Gruppe aus dem Tartarus" struck the proper note of awestruck grandeur while flowing freely to its conclusion. In this song the pianist, Robert Bouffier, was a worthy partner to the singer, as he was in the *Lady of the Lake* settings. In the Mignon songs, though always helpful, he showed a little too much discretion. Such an enjoyable concert deserved a larger audience.

John Cruft to retire from Arts Council post

Mr. John Cruft, the Arts Council's music and dance director, is to retire on April 30; he has been director since 1965. The Council has decided for the time being not to appoint a successor, and has invited Eric Thompson, the deputy music director, and Mrs. Jane Nicholas, the assistant director: dance, jointly to carry out the duties of the music and dance director on an interim basis.

Sir Adrian Boult's 90th birthday Prom

The Duchess of Kent will attend a special Promenade concert presented by the BBC at the Royal Albert Hall on Sunday April 8, the 90th birthday of Sir Adrian Boult.

New York music

Carter's Syringa by ANDREW PORTER

Elliott Carter, America's greatest composer and in the opinion of many the greatest living composer, was 70 in December. There was no official "festival" to mark the event. The Philharmonic, which commissioned his Concerto for Orchestra (1969) and his Symphony of Three Orchestras (1977) revived neither of those works, but it did at least give the New York deuxième of the Piano Concerto (1965), with Ursula Oppens as a masterly soloist and Zubin Mehta as a less than masterly conductor. This was the first time the concerto had been done here by a major orchestra. And there was a cluster of individual concerts during which most of Carter's works got played.

Best of all, there was a new piece, *Syringa*, a 20-minute cantata for mezzo-soprano, bass, and 11 players. It has a double text: a long English poem by John Ashbery, written for Carter to set, and sung by the mezzo, and a Greek anthology chosen by Carter himself and sung (in Greek) by the bass. Ashbery's poem, which seems to have an autobiographical starting-point, deals with an artist's ways of turning grief into art and takes Orpheus as its central figure. The Greek texts express "the subliminal background that might be invoked in the mind of a reader." They include some lines attributed (by Plato) to Orpheus himself, and exclamations of lament from Aeschylus. Ashbery's natural imagery is accompanied by lyrics of Mimnermus, Sappho, and Ibycus. There are also some phonic rather than semantic parallels between the languages: *stellou* echoed by "stellification"; the final platonic and Orphic musing on *soma*, *sema* (the *body* as *token* or *tomb* of the soul), caught up by the sound of "summer," the last word in the English poem, to make a musically pointful if verbally irrelevant cadence.

Elliott Carter

The play of thought and sound between the languages is an extension of the play of musical ideas so often found in Carter's chamber music. The intellectual content of *Syringa* is rich and dense. But it is a readily approachable work, for it sounds beautiful. Orpheus' lute is here a guitar, which opens the piece as if it were exploring the first mysteries of musical language. One by one, the instruments are introduced. Drums are held back to the moment when "everything changed" and Eurydice was lost. The trombone adds force to Orpheus' rock-rending cries of despair. The entrance of Apollo is a still moment, a signal on the alto flute, and then limpid vibraphone chords. Ashbery's passage about "the way music passes, emblematic of life," coincident with Sappho's "Cool waters sing as they flow through the apple orchard," inspires some some of the most seductive passages Carter has penned, a soft web of lilting yet elusive rhythms and tender, lapped melodies.

The performance, by Jan DeGaetani, Thomas Paul, and Speculum Musicae players under Richard Fitz, was admirable and lived along every line. On the same bill there was an eloquent account of the Brass Quintet, an ideal one of the cycle *A Mirror on Which to Dwell* (done by its dedicatees, Susan Wyner and Speculum), and the most lucid one I have heard of the Double Concerto. The concert was the highpoint of birthday celebrations that also included the three String Quartets played in one programme by their finest interpreters, the Composers Quartet, and a memorable programme of early works.

Other new music in brief. Jacob Druckman's Viola Concerto is the latest and best in a series of Philharmonic concerts commissions for its own principals. Druckman has ever been a master orchestrator, adept at creating thin, luminous washes of sound, rich impastos, and dense, menacing darkness suddenly shot with points of twinkling light. The concerto pleased me by being not just a "scenario of textures" (like his *Chiaroscuro*, last year) but also a drama with an ordered thematic discourse. A brilliant solo part was brilliantly played by Sol Greitzer; James Levine conducted.

The prolific Charles Wuorinen produced a spirited Two-Part Symphony, played by the American Composers Orchestra under Dennis Russell Davies, in neoclassic vein. He said he would have called it "Symphony in C" had Stravinsky not pre-empted the title. It is Stravinskian and is "in" or "on" C, but uses Wuorinen's technique of 12-note with a tonic. Wuorinen's new *Archangel*, for bass trombone and string quartet, is a more sombre yet more satisfying product of his fluent, fertile imagination. A new name to watch for is Tobias Picker. His Rhapsody for violin and piano and his Octet (for three winds, three strings, harp, and marimba/vibraphone) revealed a young man (he's 24) who is a genuine creator with a fertile unforced vein of invention and the ability to hold attention on everything that he makes happen.

Ernst Krenek, who is 78, is still active. His achievements will be celebrated this spring at a week-long festival in Santa Barbara. His latest piece, op.227, is *They knew what they wanted*, a set of three sexy tales—Ginevra and the clerk in *Decameron*, Tamar in *Genesis*, and Pasiphae—told in tempo by a narrator, accompanied by oboe, piano, percussion, and tape. This is an entertainment executed with a master's touch: witty, laconic, elegant, understated, but not unserious. Krenek directed the first performance.

Henry Cowell's Piano Concerto is not exactly "new" music. The composer played it in Havana in 1930, but apparently it has been unheard since then—until Doris Hays, a Cowell specialist, played it in Omaha and then in New York. A good deal of the piano writing is for forearms: Cowell avoids a simplistic C major / F sharp bitonality by oompahing between chromatic one-finger tunes and forearm clusters. It is a dashing experiment, not an important composition, but exhilarating to listen to. So is Antheil's *Ballet Mécanique*, which was revived by a Juilliard Orchestra under Richard Dufallo.

There is lots of new music to be heard in New York, but the situation is not healthy. There is nothing as central to the musical life of the city as the Sinfonietta or Fires concerts are to London. Two of the non-Philharmonic events mentioned above took place in Alice Tully Hall, a comfortable but dry modern auditorium on Lincoln Center, roughly equivalent to the Elizabeth Hall, and at any rate central. Otherwise it's treks up-town to shabby, cheerless halls in Columbia University or the Manhattan School, or visits to the depressing little Carnegie Recital Hall, tucked up two flights of bleak fire stairs beside the big hall. Bars or buffets don't exist there; concert-going is a hairshirt excursion. (One exception: the Picker Rhapsody and the Krenek were played in the students' lounge of the Manhattan School, candlelit, with wine flowing.) Money is so short that this season Speculum Musicae could scrape up only enough to give a single concert.

A band of perhaps fifty faithful turn up regularly in the audiences for contemporary music. (Elliott Carter and Milton Babbitt are two of them). A corpus of first rate players is shared between numerous ensembles — Speculum, Parnassus, Orpheus, Da Capo, the Group for Contemporary Music, the ISCM-League consort, the Contemporary Chamber Ensemble, the New Music Consort, and several more. Each organisation struggles to raise funds for its own activities, and planning is so haphazard that the faithful-fifty audience is sometimes divided between two, even three or four, events. While Carter was being played on Lincoln Center, Phyliss Bryn-Julson was singing *Pierrot* downtown, with a visiting Washington ensemble that I have long wanted to hear. On the night of Wuorinen's *Archangel*, a John Harbison premiere was billed in Tully Hall. Then a week or two may pass with nothing but standard 19th-century fare.

The organisations do receive some direct public funding but rely for the most part on private contributions. However, such private contributions are tax-exempt: so what I saved on my tax bill by giving some dollars to help make possible the New York performance of *Pli selon pli* last year was in effect a contribution from the public purse, not from me. And the widely established principle of "matching grants" compounds the way in which public funds are distributed according to personal preferences (not just to the performing arts but to museums, schools, hospitals, libraries, learned societies, and whatever). The richer the donor, the more public money is directed in support of his particular fancy. If Mrs Jones in the 90 per cent tax bracket gives $1m to the Met for a slap-up production of, say, *The Tales of Hoffman*, and if the Met accepts, 90 per cent of the munificent gift will in effect come from the pockets of men in the street.

It's a curious system. I'm happier with the Arts Council, and its built-in checks on partiality, its benign guidance, and its gentle control of what easily become wastefully overlapping activities.

Elizabeth Hall

Previn/Armstrong/Ashkenazy

Sheila Armstrong having substituted Schumann for a promised group of Chopin songs, Sunday's concert hardly seemed to belong to a series labelled "Mainly Slav." The alternative title that suggested itself was "Mainly Prev." André Previn appeared as both composer and accompanist when Miss Armstrong delivered his set of songs to poems by Philip Larkin, and later he joined Vladimir Ashkenazy in the two-piano version of Rakhmaninov's *Symphonic Dances*.

Initially disappointed as I was to be deprived of rarely-heard Chopin, I must admit that Miss Armstrong's superlative performance of Schumann's *Frauenliebe und Leben* song-cycle formed the peak of the evening. Although a soprano, she chose to sing it mainly in the lower keys associated with mezzo-soprano interpreters—and justified the decision perfectly with a unified and infinitely expressive tone throughout the range.

Miss Armstrong's platform stance and attractive appearance, her decisions on how much and how little to suggest the poetic context by bodily and facial movement — these two betokened the consummate artist.

In Previn's five songs to Larkin's poems Miss Armstrong was equally communicative, preserving the lyrical impulse even over phrases like "All the salesmen have gone back to Leeds." The music itself — unpretentious, sensitive in word-setting, sufficiently varied even within an overall moderate pace—is a welcome addition to the modern singer's repertory. Here Mr. Previn evidently saw the accompanist's role as one of discreet support, no more. Finally Rakhmaninov — a rather tired inspiration on the composer's part, but delivered with precision, balance and verve by the Previn-Asshkenazy duo.

ARTHUR JACOBS

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Tuesday January 16 1979

Farm prices and the EMS

DR. DAVID OWEN'S indication in Brussels that any programme to eliminate the regime of green currencies and compensation payments is only acceptable as part of a throughgoing reform of EEC farm policies is in one sense simply a restatement of a long-standing British position. In the context of the European Monetary System, however, he is in danger of overstating British interests, and making a sensible policy serve the cause of apparent obstruction. The reform of the CAP, in which so many interests ar opposed, cannot be approached as a whole-hog issue if any progress is ever to be made; and while Britain may rightly argue that the proposal for an EMS is no reason to surrender basic interests, compromise must be possible.

Compromise

The form of a sensible compromise was suggested by the original French proposals, which appeared in two parts: a freeze *on existing monetary compensation* amounts—which would effectively mean freezing the value of green currencies in terms of the new European Unit of Account, the ECU; and a programme to eliminate existing price distortions. It is reason*able to insist that* price distortions between member states can only b elimin*a*ed if prices are at the same time set at sensible levels— a process which will no doubt involve other reforms of the CAP. This is for the long term.

However, a *freeze* of MCA's at existing levels, which would simply prevent present distortions being still further enlarged by future currency movements, is another matter. This should be an acceptable starting point; and Britain should further be willing to contribute to a symmertical adjustments of green rates as fast as progress on the price structure justifies.

The issues are neatly illustrated by the publication, just as Dr. Owen was stating the Government's position, of our own domestic farm price review. *This shows that British farm* incomes fell in real terms by some 11 per cent last year, despite rising output. In one sense, this is a text which can be preached to Herr Ertl, who so stubbornly resists any proposal which would threaten the real incomes of German farmers. The industry can produce and invest despite fluctuating real incomes—indeed, constant pressure on incomes has in UK experience produced a miracle of productivity growth.

However, such pressure can be overdone, and in a purely British context, the figures in the price review lend strong support to the inevitable call from the National Farmers' Union for a further sharp devaluation of the green pound. Unfortunately, this problem cannot be solved by unilateral action without making the basic problem of the EEC as a whole —the persistence of large surpluses—still worse.

A devaluation of the green pound, unless it was matched by revaluations elsewhere, would stimulate further British production of some surplus products, while depressing UK domestic consumption — especially of butter. The mountains would grow larger. Price distortions are a matter of the price structure as well as of green currencies, and if the cost of the CAP is to be contained, both problems must be tackled in step.

Distortions

Meanwhile, the price review illustrates another consequence of the present price regime. Pig *farming in England became 10* per cent less profitable during the year; but in Ulster it became 30 per cent more profitable, in the same market. The reason, it may be surmised, is that Ulster pig are capable, with a little urging, of walking to a country where the currency is greener. A policy resting on such large distortions must in the end tend to turn farmers *and food processors* into smugglers.

For the health of agriculture, reform is urgent. Even if the EMS were not involved, a rigid British position would delay rather than encourage reform. The EMS negotiation itself showed how little can be gained *and how much lost by sticking* too rigidly to dogma. The Government must not be provoked by the latest turn in the EMS talks into extending its quixtory to the issue of farm policy.

No end to the Iran crisis

WITHIN THE next couple of days the Shah of Iran is expected to leave his country. Officially it is for a temporary holiday, but few doubt that his holiday will be prolonged, and many Iranians hope and suppose thatit will be permanent. The forces against him remaining in Iran are too great. The Shah and his supporters have tried to argue that he would not leave, *even temporarily, until he could* leave a stable government behind him. The opposition responded that there was no chance for such a stable administration while he stayed in Iran.

Will the Shah ever return? On *the face of it this appears most* unlikely. The strength of feeling against him is so strong that his reappearance in Tehran would instantly provoke a major crisis. It is true that on an earlier occasion, in 1953, he was brought back from exile with the help of the army and the Western powers. But the seriousness of the crisis now is so much greater than then that the two events cannot be compared.

American position

The Americans, hoping to salvage something from the wreckage of their position in Iran, have very recently been pushing *for the Shah to leave.* Their support for Dr. Shahpour Bakhtiar's government is a last, and not very hopeful, effort to get an administration into power which is not vigorously anti-Western. But the Ayatollah Khomeini, the effective leader of the opposition in Iran, his portrait now replacing the once omni-present royal photographs in Iran, has alone shown real authority. His absolute condemnation of the monarchy and Dr. Bakhtiar makes the political survival of either problematical.

Some senior generals have presed the Shah to make a last stand, to dismiss Bakhtiar and use the full weight of the army to stamp out the opposition. But with the economy paralysed and demonstrators ruling the streets, despite the army's strenuous efforts over the last four months, this option was never really open to the Shah. It was always a policy of desperation, the fruit of the understandable fear of the Iranian military and civilian elite, who see their future as being closely linked to that of the monarchy.

The removal of the Shah faces the inchoate nd already divided *opposition with its own problems.* Over the past year he and his court have successfully united against them everybody from the most medieval of the Shia clergy to the far left. Iranian absolutism was typified by a political ineptitude which left its most bitter opponents astounded by their good fortune. If a mistake was to be made, it ws mde, nd once made was repeated.

Man in the middle

But the monarchy was also the screen on which was focussed all the disconentens of the Iranin people. That screen and focus removed there is little to unite the opposition. In their disunity lies the Shah's one small, distant hope of restoration to authority.

Dr. Bakhtiar appears to have litle support so far, and unless he gets it soon, his role is likely to be transitional. He is the man in the middle in a country which has totally polarised. Presumably Ayatollah Khomeini will at some point return from his exile near Paris. His *authority is very great,* but distance has given him a charisma which may not long survive his return.

His policies, elliptically expressed, *have been concerte in* resoultely opposing the Shah and all his works. On what is to replace the monarchy he has been much more vague. It is *difficult to believe that Iran will* in future be ruled by a sort of democratic Shia papacy in the guise of an Isl•mic Republic. How it will be ruled we cannot yet have the most distant perception. The crisis, which exploded so suddenly last year, is not ending. We are probably only seeing the end of the beginning.

Troubles and hard work ahead for Europe

By GUY DE JONQUIERES, Common Market Correspondent, in Brussels

PREDICTING events in the EEC, even a few months ahead, has become an *increasingly* chancy business. Last year's major political innovation, the forging of a close alliance between Chancellor Helmut Schmidt of Germany and *President Giscard* d'Estaing of France to push for a European Monetary System, took almost everyone by surprise—not least the British Government. It would have required something like second sight, too, to forecast the form in which the EMS would ultimately emerge from months of tortuous discussion or to predict that its operation would be stalled at the last minute by French objections.

The outlook is not much clearer this year, but it is a fair bet that the coming months will be unusually eventful. The EEC has a heavy work-load ahead of it and must reach decisions soon on a number of difficult issues which will critically affect its future development and the state of relations between its members. With Governments limbering up to defend often conflicting national interests, the stage seems set for muscular negotiations and some fierce diplomatic clashes in Brussels.

For most countries, a major priority is to remove the obstacles to the start of EMS. These spring from France's insistence on the progressive removal *of monetary* compensatory amounts (MCAs) or "green currencies" used in EEC agricultural trade to bridge divergences between national exchange rates. There have been indications from both Paris and Bonn recently that a diplomatic compromise may be found to permit the EMS to begin, but it will be difficult to prevent the thorny question of MCAs from becoming deeply enmeshed in what *promises to be an acrimonious* farm price review in the spring.

Constitutional deadlock

A resolution must also be found quickly to the constitutional deadlock over the new EEC Budget. Due partly to an unexpectedly defiant stand by the European Parliament and partly to inept German chairmanship of the Council of *Ministers last December,* there is for the first time ever no legally agreed basis for the Community's expenditures this year. The Commission, which is responsible for administering the Budget, has decided to put into effect the final draft approved by the Parliament. But its validity is challenged by the Council, and there is no certainty that Governments will be ready to stump up the necessary contributions. Unless a compromise can be *reached* by the end of this month there may be no choice but to refer the whole dispute for adjudication by the Court of Justice.

The Parliament's controversial decision to tack another £250m on to the EEC Regional Fund late last year has been widely interpreted as a pre-emptive move to extend its powers in advance of direct elections, due to be held in early *June. As that deadline* approaches, domestic political debate seems certain to heat up over the future role of the Parliament and the EEC's supranationalist aspirations generally. It is likely to be liveliest in Britain and France, the two EEC countries most obsessed with national sovereignty, and it will no doubt colour both Governments' tactics in Brussels.

The depth of France's reservations over the EMS has yet to be precisely plumbed. There has been speculation in Brussels that Paris has begun to have cold feet about the *risks* of embarking on a purely European currency stabilisation scheme at a moment when the dollar's stability is once again in question. There may be a grain of truth in this, but it alone does not appear to offer a sufficient explanation for France's action.

Doubts about the franc

The French President has invested a good deal of political capital in EMS and it seems implausible that he should suddenly decide to sabotage it so late in the day. Ever since the scheme was first mooted, of *course, doubts have been* expressed about whether the franc would be strong enough to stay in it. But the French currency would have been considerably more exposed to speculative attack if Italy and Ireland had not decided to join as well. *Moreover, both M. Giscard D' Estaing and Herr* Schmidt have emphasised that the system should help the dollar. To delay the EMS launch until a sustained dollar recovery was assured would not only contradict one of the scheme's declared purposes but could also lead to its indefinite postponement.

A more convincing explanation is that President Giscard saw a promising opportunity to extract from the rest of the EEC, and particularly Germany, a substantial bonus for French farmers. Although France already benefits handsomely from the Common Agricultural Policy, eliminating MCAs would sweeten the deal further by lifting the farmers' incomes by 10 per cent or more to the same level as in Germany. Though retail prices would feel the effects in the short run, there would be a *positive impact on France's* trade balance because France is a substantial net exporter f farm products.

The French President's calculation is presumably that such a windfall would enhance his own appeal in the rural constituencies which are the bedrock of Gaullist support. By demonstrating that the EEC could be made to pay solid dividends to an influential section of the electorate he would knock the props from beneath the rabibly anti-Common Market *stance of M. Jacques Chirac, the* Gaullists' leader, and acquire more freedom of manoeuvre in shaping his European policies.

But what started as a pure *move to further French national* interests now threatens to develop into one of the biggest and bitterest confrontations *which the Common Market has* witnessed for several years. It is difficult to see any possible solution which meets French demands while satisfying the requirements of the other partners, and particularly those of Germany and Britain.

MCAs currently act as a subsidy to German *farmers'* incomes, masking the effects of the appreciation of the D-mark against other European currencies in October and enabling German farm produce to be sold sompetitively on the EEC market. Their removal would thus cut German farmers' *incomes—an outcome which* Herr Josef Artl, the Bonn Agriculture Minister, has promised to resist with all his might. He has said that he will only contemplate the elimination of MCAs if the resulting loss of income to German agricultural producers is compensated by further increases in EEC farm prices.

But a compromise of that kind *would be doubly unacceptable* to Britain, whose food import bill is effectively subsidised to the tune of more than 27 per cent by MCAs. Their elimination would therefore lead to a sharp increase of British food prices—a politically impossible proposition for any Government to accept, especially one that is facing a difficult General Election campaign this year. The only basis on which Britain could agree to the French proposals, as they now stand, would be if the inflationary effects of eliminating existing MCAs were offset by a reduction of common food prices. That is the exact opposite of what the Germans are pressing for.

Until this week, the British Government had sat quietly on the sidelines of what was largely a Franco-German bilateral dispute, congratulating *itself that for once it was not* being blamed for starting a major row. British officials have pinted out that the Prime Minister, Mr. James Callaghan, actually forewent the opportunity to press for a cut in farm prices at last December's Brussels summit, when the technical adaptation of CAP prices to an EMS-based unit of account was discussed. His attitude then has been portrayed as a demonstration that Britain did not seek to place any obstacles in the way of the start of the EMS, even though it did not itself intend to join the new scheme immediately.
MH 3 Until immediately 60 7

The gloves appear to off now. *Having seen that France has* been prepared to block the start of the system to get a better deal for its farmers, the British Government apparently feels less reluctant to press its own interests. That is the burden of the message contained in remarks by Dr. David Owen, the *Foreign Secretary, in Brussels* yesterday. He served notice that the Government would only be prepared to tackle the question of MCAs seriously as part of a broader attack on the excesses of the whole German Agricultural Policy.

Though it was originally hoped that the MCA question could be solved in isolation, in time to allow the EMS to begin early next month, that now seems increasingly unlikely. Indeed, the events of the past few days suggest that there is a growing likelihood that the opposing French, British and German positions wil lcash at the annual farm price review in Brussels this spring. Only a remarkable amount of high-level diplomacy between EEC capitals could then avoid a real flashpoint being reached.

Another major challenge looming over the Community is its prospective enlargement. Having encouraged Greece, Portugal and Spain to apply for EEC membership, the Nine are still a long way from a consensus about how to deal with many of the practical difficulties posed by their entry. A number of these will have to be tackled directly this year and will probably come to a head when substantive negotiations open with Spain—the biggest and most problematic of the candidates—some time after the summer break.

Several EEC Governments are openly alarmed about the consequences for their own economies of admitting Spain. France and Italy are concerned that their Mediterranean farmers will be hard-hit by *competition from* the Spanish farmers, while Spanish industrial exports are likely to pose a stiff challenge to the EEC's steel, shipbuilding and motor industries. Germany fears an influx of Spanish workers across its borders and is seeking to delay as long as possible their right to enter Community labour markets freely.

Mr. Roy Jenkins, head of the European Commission (glasses, looking left) with heads of Government at Bremen last July where details of EMS, first proposed by him, were discussed.

Concessions to Greece

Negotiations with Madrid will not be made any simpler by the concessions which the Nine were forced to offer Greece late last year. Though France, in particular, has long maintained that the entry talks with Greece should be conducted with a wary eye to the Spanish application, the EEC ended up giving Athens virtually all it had demanded. It may thus be harder for it *to resist demands by Madrid* for a similar deal on grounds of equity.

On a wider plane, the coming year holds an unusual number of uncertainties for the EEC's ties with the rest of the world. Its troubled "special relationship" with Turkey seems set *for further strain* because of the political and economic upheavals there and because of Greece's impending EEC entry. The chaotic situation in Iran will undoubtedly have further serious repercussions. Finally, there remains the weakness of the dollar and the fact that U.S. economic growth is now starting to falter without any marked compensating pick-up in European economies. If the American slowdown proves much more severe than President Carter's advisers now predict, EEC governments could find their other problems even harder to grapple with.

MEN AND MATTERS

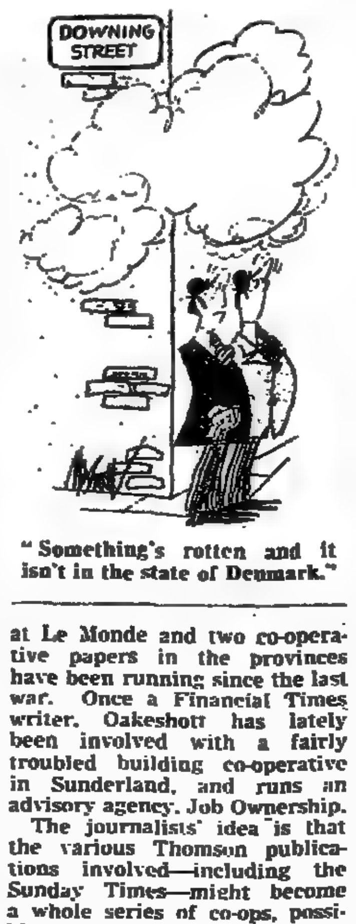
Mc Graw Hill hires a fast gun

The big guns are about to boom in the titanic clash looming for control of McGraw Hill, one of the world's major publishing *houses. Yesterday the word* went out that Martin Lipton, one of New York's two top takeover lawyers, has been signed up by McGraw Hill—the Board of which yesterday went into a huddle.

American Express, which has thrown down its $830m proposed bid for the publishing group, has already acquired the redoubtable takeover lawyer Joe Flom. He and Lipton have been involved in many hectic battles in the past. The legal ramifications of such a bid, under U.S. laws, are enormous.

McGraw Hill has already said that it views the American Express approach "negatively." There was also talk yesterday of "white knights" joining the fray—Morgan Stanley, acting *for McGraw Hill, have a reputation* for finding alternative bidders in other takeover flights. But in this instance, newcomers with approaching $1bn on hand, must be fairly rare.

As events unfold, eyes will be on the holding of the McGraw family. This is said to be about a quarter of the total equity.



"Something's rotten and it isn't in the state of Denmark."

Paper chase

Desperate problems often call for desperate remedies, and the Times seems to be falling into this category. Journalists on the paper have commissioned an inquiry into the prospects for turning it into a workers' co-operative. To say that the road to this goal in strewn with daunting obstacles is an understatement: would the present owners sell—and for how much; would the other workers fancy the idea; how would the crustier readers take to it?

Nothing daunted, the journalists are sending co-operatives campaigner Robert Oakeshott to France, to see how such matters are ordered there. A partial "worker control-system" exists at Le Monde and two co-operative papers in the provinces have been running since the last war. Once a Financial Times writer, Oakeshott has lately been involved with a fairly troubled building co-operative in Sunderland, and runs an advisory agency, Job Ownership.

The journalists' idea is that the various Thomson publications involved—including the Sunday Times—might become a whole series of co-ops, possibly with separate organisations for journalists, printers, warehousemen and delivery workers. *These groups could develop* "trading relationships" with each other and belinked in a federated co-op. As Oakeshott concedes, changed attitudes *would be needed on all sides* to achieve such a transformation.

Island art

When Britain's most outlying art gallery is given the first instalment of a £20,000 donation *today, thanks will be due to the* intricacies of U.S. banking regulations. At the small town of Stromness, in Orkney, a cheque will be handed to connoisseur Margaret Gardiner, who founded the Pier Arts Centre with her own collections of sculpture and painting.

Linked in making the gift are the International Energy Bank and Republic National Bank of Dallas, which jointly arranged the financing of Occidental's $175m interest in the North Sea Claymore field. To ensure legality in the U.S., a "consideration" had to be paid by Occidental—*with the* understanding that it would ultimately go to a charity.

The Stromness gallery was an obvious choice. Margaret Gardiner, now in her seventies, has been raising funds to house the collection—including works by Barbara Hepwaorth, Ben *Nicholson and Eudardo Paolozzi* —for several years; Dr. Arnold Hammer, the chairman of Occidental, has already given £50,000.

Are there enough admirers of modern art in the Orkneys to keep such a gallery busy? It seems that storm-girt Stromness *receives its tithe of tourists in* the summer and culture-conscious oilmen all the year round.

Consuming interest

No-one could accuse the main *political parties of approaching* the June Euro-elections in a spirit of excessive zeal. But *Which* magazine, published by the Consumers Association, begins the portentous year with a breezy rallying cry about Strasbourg — "How this Parliament votes is likely to affect you."

The Consumers Association's main aim seems to be reforming the Common Agricultural policy: and if that sounds like whistling in the wind, consumers at least have a toe-hold in Brussels with the Bureau European des Unions de Consommateurs (BEuC), a secretariat which co-ordinates the lobbying activity of about 20 consumer groups in the EEC.

For reason best known to itself, the EEC subsidises BEUC to the tune of £60,000 a year, over a third of the running costs — more than the independent-minded consumer groups would wish, but as they say, "otherwise we wouldn't be here."

Surprisingly, consumers appear to think in much the same way everywhere, even about the CAP. "They all think it wasteful," says the CA's director of public affairs, Bill Roberts. "And they all prefer low prices to high prices." Perhaps this is not so surprising, after all.

Meanwhile, consumer magazines all over Europe *are preparing* for June with Euro-supplements designed to secure acceptable MPs. Roberts would not commit himself on whether *the CA would be* publishing a Which guide to the elections.

Cold douche

While Europe freezes, in South Africa the farmers are complaining of a heat wave and a drought. Being Afrikaners *they* have reacted in a fairly fundamental way.

An organisation known as the Moral Action Committee, in the towns of Naboomspruit and Warmbaths, has decided that the existence of a nudist camp in their area is to blame for the drought. An anonymous caller from the organisation rang Beau Brummell, a former singer who runs the nudist club on his 1,000-acre farm, and threatened to close it down if the *rains* did not come by the end of the week.

"If you read the Bible, you will know why such activities cause *hardship* such as drought," said Mrs. Stella Joyce, secretary of the committee. Brummell took the threat seriously enough to ask his 37 guests to be dressed for the next get-together. "No sooner had my members put on their clothes when the heavens opened," he said. "It has not rained in this region for over two months. It is enough to make me become a monk."

Observer

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هكذا من الأصل

Anomalies in regional aid

By ANTHONY MORETON, Regional Affairs Editor

LAST SPRING Sunderland, which has some of the worst structural unemployment in the country, sent a deputation to Whitehall to plead with a group of senior ministers for more Government assistance. Sunderland is already in a special development area, the top grade of assistance categorised by the Government, and what it was seeking was extra special consideration for its problems.

It was not difficult for Sunderland to present its case. Its unemployment is both severely high at over 12 per cent and difficult to combat since it is the product of declining industries. Job opportunities for its young people are extremely hard to provide as a consequence and the prospects for anyone with the misfortune to lose his job in the town are bleak.

Yet, although it is in a special development area, along with near neighbours Hartlepool to the south and Gateshead and Newcastle to the North, Sunderland's financial advantages over those parts of the country designated as development areas—the next ring down in Government assistance — are minute.

Government aid is based on a three-tier system for manufacturing companies. Those in special development areas can obtain 22 per cent grants towards the cost of new buildings, and another 22 per cent towards plant and machinery; in development areas, there are 20 per cent grants for both categories; for intermediate areas new buildings qualify for a 20 per cent grant but there is no aid towards machinery and plant.

These assisted areas now cover half the country, roughly everything north of a line from the Wash to Wrexham and west of a line from Wrexham to Plymouth. In theory, the southern and eastern parts of the country get no assistance though in practice selective assistance under the 1972 Industry Act is available. This is discretionary rather than mandatory.

Large sums have been spent by the Government on regional assistance. The 1972 Act was introduced by the Conservatives although it was operated in a low-key fashion until the present Government took office in 1974. Altogether over £3bn has been paid out in various forms of assistance of which £1.7bn has gone in regional development grants, the assistance for buildings, plant and machinery in the assisted areas.

Some of the £3bn has gone on sector schemes, such as that paid to the ferrous foundry and machine tool industries and applicable irrespective of area. But large amounts have been paid out selectively—£499m has been committed (though not all spent) in the assisted areas and £767m in the rest of the country.

The Government has estimated that these aid schemes have been responsible for creating 325,000 jobs in the assisted areas while a further 425,000 have been safeguarded. These are large figures and have done much to help at a time of sharply rising unemployment.

Mr. Alan Williams, Minister of State at the Department of Industry and the man responsible for the regional programme, has said that "we can be well satisfied with what we have achieved."

There is, however, growing criticism that regional policy is now too geared towards blanket coverage and too little towards helping areas most in need. Sunderland's case is only one of many. Few companies will be swayed into moving into the town just because of that extra 2 per cent.

Allied to this is the criticism that because of the blanket coverage too many parts of the country are enjoying assisted area status long after the need for it has disappeared. Aberdeen is in an intermediate area even though it must be one of the most prosperous towns in Britain. Its unemployment rate is 3.7 per cent compared with a national average of 5.8 per cent in all the intermediate areas and 10.1 per cent in the special development areas. Harrogate is also in an intermediate area even though it is a high-income district with a successful conference and holiday trade. Its unemployment rate is 4.5 per cent.

Similar towns to it, such as Malvern, Buxton or Exeter are outside the field of assistance while Scarborough is in a development area. Stoke-on-Trent is not assisted at all but Crewe a few miles away is in an intermediate area and both have around 3.7 per cent out of work. Anomalies can be picked almost at random.

Part of the problem is that government assistance has grown almost like Topsy since it was first introduced in the Special Area Act of 1934. Some areas have been included because they have had strong political clout; others because in periods of strong regional activity, particularly between 1945-50 and during the 1960s, they were obvious candidates for inclusion.

Opposition

The difficulty is that it is much easier to give an area assisted status than to "demote" it. The latter involves strong local political opposition, angry letters to ministers, pressure from MPs, leaders in local papers and general unpleasantness descending on the head of the minister responsible. It is hardly surprising that many ministers have preferred to duck the issue.

There is also a feeling that the Government is cutting the ground from under its own feet by some of its own actions. There is concern that it is going soft on industrial development certificate policy—under which any plant of over 15,000 sq ft in a non-assisted area can only be built after it has received a certificate — and on the big switch in approach to the inner-cities by Mr. Peter Shore's Department of the Environment.

IDCs were for a long time hard to come by in the non-assisted areas, forcing firms which wanted to expand to look north and west. Recently, though, there has been a considerable relaxation in this policy. The Government is now so anxious to get almost any investment in any part of the country that it rarely refuses applications.

In 1974-75, for instance, the refusal rate in the South East and the West Midlands was about 9 per cent. In the two years from 1976 to 1978 only 13 IDCs were turned down, a refusal rate of little more than 1 per cent.

The switch in emphasis on inner-cities, with the Government seeking to encourage industry back into city centres, has also been a blow to the regions. The result is that regional ad policy has been undermined.

Sunderland is not the only place to be concerned about the present situation. Leeds Chamber of Commerce and Industry reported that regional assistance policies were increasingly being called into question and claimed that the Government itself was moving into an ambivalent position. It urged that natural growth points should be encouraged wherever they emerged even if this meant giving more aid to "boom areas."

And the West Yorkshire County Council has stated that "the needs for assistance in areas such as Bradford, Hemsworth and Batley greatly exceed the needs of Harrogate or Selby, though all these areas are subject to the same blanket assisted area policy." These feelings are widely held outside Government.

The Government argues that it is a lot more selective than appears to be the case at first glance and that this selectivity allows it to assist industry in a way that is more economical than if it merely puts up rates nationally. Its case is that if the differential for a special development area were widened, then every company moving in would automatically be entitled to the higher inducement. But by offering discretionary grants after considering either a company's needs or those of the area it can attract companies relatively cheaply.

The drawback to this approach is that many company treasurers, and certainly those of foreign firms (which are often those most needed), are unaware of such subtleties. They therefore look merely at the 2 per cent differential and think they can get a better deal elsewhere—in the Irish republic, for instance.

With a general election in the offing this might not be the best time to expect a fresh political initiative but it is argued that the next government ought to take some action on greater geographical selectivity, though there are few signs that the Conservatives, concerned more with cutting the total, are looking in this direction.

Specific need

What needs to be done is for the blanket approach to be abandoned and for assistance to be concentrated much more on areas of specific need. And those areas most in need should get more out of the kitty.

There are places, like Sunderland, Hartlepool, Irvine, Birkenhead, Liverpol, Ebbw Vale, Widnes, Wrexham or Greenock where the problems of closing old; decaying industries and attracting new, technology-based concerns are still sufficiently great to warrant a higher rate of grant than exists at the moment.

Places like Blackpool, York or Carlisle could always make out an individual case for assistance if the need arises but so long as intermediate area status exists there will always be a suspicion that some aid will be syphoned from the needy to those whose claim is less demanding.

One other improvement that might be considered is giving some help to the service industries, and in particular to the hotel trade. Tourism is one of Britain's biggest foreign currency earners and yet it receives little help to expand. There is a strong need for more hotels and for many of the existing ones to be ungraded. Trying to get a good hotel room in Lerwick, an important centre for the oil industry, is next to impossible and it is not all that easy in Leeds.

This could be one useful way of pumping money into regional economies; another might be to introduce training schemes to make hotel work more attractive to Britons. There are hotels in mid-Wales that would have to close tomorrow if their Malay waitresses and barmen went home. If more locals could be induced to work in hotels and the British reluctance to serve others overcomes economic well-being in many parts of the country could be enhanced.

Terry Kirk

Mr. Alan Williams, Minister of State, Industry

REGIONAL GRANTS 1972/3—1977/8

	PLANT 9AND MACHINERY			BUILDINGS AND WORKS				
	SDA*	DA†	Total plant and machinery	SDA	DA	IA‡	Total buildings and works	Total plant and machinery and buildings and works
Scotland	159,083	163,521	322,604	45,785	39,151	663	85,599	408,203
Wales	60,033	122,018	182,051	10,422	35,736	10,035	46,193	228,244
Northern	154,391	262,461	416,852	37,588	38,954	nil	76,542	493,394
Yorkshire and Humberseide	nil	4,620	4,620	nil	3,136	71,352	74,488	79,108
East Midlands	nil	nil	nil	nil	nil	4,752	8,694	8,694
South West	nil	18,279	18,279	nil	3,987	2,195	6,182	24,461
West Midlands	nil	nil	nil	nil	nil	325	2,338	2,338
North West	85,993	51,497	137,490	17,956	6,242	47,860	72,058	209,548
Total	459,500	622,396	1,081,896	111,751	117,206	137,182	372,094	1,453,990

* SDA—Special Development Area. † DA—Development Area. ‡ IA—Intermediate Area.

Source: Department of Industry

Letters to the Editor

Consensus for reforms

From Viscount Trenchard

Sir,—Youd leading article (January 12) on picketing is of course sound as far as picketing goes, but surely the problem is more serious and more comprehensive as Sir Leonard Neal's letter in the same issue makes clear. In your issue of January 10 the article by Mr. Ramsey, the industrial relations director of Ford, UK, confirmed that the constant unofficial strike and strike threat position is a main cause of much lower productivity in the UK than abroad.

While over-reaction to any particular crisis is to be avoided can anyone deny that industrially this country has sunk to a near disastrous low, or that while there are many contributory causes can it be doubted that our unique trade union situation is a major one?

Productivity is often half that of our competitors. Our share of world markets is down from 23 per cent in the 1950s to 8 per cent now. Our inflation even with an incomes policy has been worse than many competitive countries.

The Ford and bakery company disputes started while existing agreements had a month to run. How can even the best management manage when they are negotiating almost continuously and, as has been recorded, for twice as long as competitive management abroad? Essential routine duties 'on't allow even the best mana- er in ideal conditions more an 20 per cent of his time re. It is little wonder that term application of new ods gets crowded off the da by short-term crises if the new methods them- s are not actively opposed.

this situation can we go aying that in this country , the law does not have a rehensive background role y?

re are many other areas our trade union immuni- re unique and I do not that your short reference views is quite balanced. it's always a difference p employers shorter term nd the longer term more orld they would like to

existence of a short term is important because it perhaps provide an tunity to get a real con- s of the public and even liticians to reach a better trial world in a shorter than was thinkable a year

this concensus backed prehensive reforms our nces of preventing eclipse as industrial power and of lay- g the foundations of recovery e better.

renchard
bdale House, North Mymms,
Hatfield, Herts.

Law abiding pickets

From Mr. J. Butcher

Sir,—Exercising my rights under Section 15 of the Trade Union and Labour Relations Act, 1974, I stood outside the main gate of Grunwick one morning in August, 1977, to peacefully persuade that company's employees to work there. I stood alone.

Should there be pickets attending for the purpose of "peacefully persuading any person to work," the police are bound to allow them to stay and are almost certain to require both lots of pickets to stand apart from each other.

The only way in which this can be done fairly is for one lot to stand on one side of the gate and the other lot to stand on the other side, leaving a gap in the middle. We are told by their leaders that trades unions are responsible and law-abiding bodies and so it would be quite reasonable for them to require their members to stand to one side of a gate, as directed by the police, if there are present pickets in favour of working.

As for the gap, well that is available for those who wish to use it to pass into or out of the premises concerned!

John V. C. Butcher.
16, Marsham Court,
Marsham Street,
Westminster, SW1.

Civil Service pay

From Mr. T. Layborn

Sir,—As a result of many questions asked and answered both in the House of Lords and House of Commons and reported in Hansard, and in particular "Chapter 5 and 6 of the eleventh report from the Expenditure Committee" and other criticisms which arose from informed quarters, the Government decided to resuscitate the Pay Research Unit. Members of this unit previously had been entirely comprised of civil servants, which had led to dissatisfaction because while not doubting their integrity, the fact remained that they were personally interested in the findings.

To lessen this dissatisfaction the Government decided to appoint a body to be called the Pay Research Unit Board which was to be super-imposed on the PRU. This PRU board was to have an independent chairman and four members to be appointed by the Prime Minister from outside the civil service, and it was only the four independent members that would have a vote. The director of the PRU would be a member of the PRU board (all very confusing).

From having read the above-mentioned documents and in addition a number of letters that passed between the Minister concerned and various Members of both Houses, it seems clear that the duties of the PRU board included satisfying themselves and the public, and I repeat "and the public" that the PRU was working: (1) on proper lines; (2) to give guidance to its director: and (3) to decide how much of the unit's findings and workings should be published.

The Press generally of late has made mention of civil service salaries and their comparability with the private sector, and an indication has been given of the increases likely to be received by the civil service. In my opinion it is vital before definite decisions are taken and agreed with the various civil service unions that the public should know when dealing with comparability what deductions are being suggested for "index linked pensions and job security." While I believe it was made clear that in the area of index linked pensions the calculations would lie solely in the hands of the Government Actuary, it was agreed that his findings would be published so that they could be debated by other interested and well informed parties. This seemed highly desirable as wide differences of opinion can exist between the Government Actuary and other members of the actuarial world as is disclosed in the eleventh report from the Expenditure Committee referred to above.

In the light of the present rate of unemployment which appears to be increasing, and the fact that inflation is again increasing, it is essential if the general public is to be satisfied, that a realistic deduction takes place in respect of both job security and index linked pensions, always of course assuming that the latter is to continue. I submit that in the interests of the country as a whole, no longer should the civil servant and other public servants have a built in index linked guarantee with no ceiling, when the cost of it is borne by the taxpayer as a whole. The position should revert to that which existed pre 1971 and increases should only be granted when the country can afford it. The private sector can only grant increases as and when profits permit.

T. A. E. Layborn.
5 Heath Rise,
Kersfield Road,
Putney, SW15.

Cross-Channel link

Sir,—In his opposition to a fixed cross-Channel link, Mr. Keith Wickenden (Jan. 10) understandably, staunchly defends the role of cross-Channel ferry services, but with his background of accountancy I would have expected a more accurate, less flambouyant assessment of the cost of the Channel Tunnel.

He states that, at the time of the 1974 Channel Tunnel study "the final out-turn cost of the Tunnel was reliably estimated to be £1.5bn" and that ".... rates of inflation, construction costs and interest have greatly exceeded predictions" .... therefore ".... the final cost in 1980 would have been more £2.5bn."

It would be interesting if Mr. Wickenden revealed the source of this "reliable estimate" — but as he well knows, the estimated cost of the tunnel in 1974 money-values was £468m and, allowing for interest and other factors, in 1980 — the year of completion — some £850m. He is equally aware that in 1975, when the Government abandoned the project, the cost was under review — but it was not anticipated by those closely concerned with this task that the cost up-date would add more than some £300m to the final out-turn cost. He might, however, be excused for conveniently overlooking the fact that the cost of the Channel Tunnel would have been shared equally by private financial interests in Britain and France.

Mr. Wickenden further fudges the facts when he claims that "Much of the benefit claimed for the tunnel and the belief that it would scoop the cross-Channel market rests on the claimed advantage." The Channel Tunnel would have only syphoned-off growth on the short sea-ferry routes from 1980 onwards, but the advantage of time-saving was, indeed, considerable.

The total journey time, from driving-on to driving-off the tunnel ferry trains, over a distance nearly twice that traversed by the sea-ferries, would have been fifty minutes. There were other benefits: no advance booking and tunnel tolls would have been cheaper —for what I believe is the most expensive ferry crossing in the world—an attraction in itself for those "who pay the Ferryman." But possibly the greatest benefit of the tunnel is, that once constructed, it has a built-in buffer against inflation. Despite Mr. Wickenden's natural pride in the virtues of the sea-ferries, ships still wear out and have to be replaced at the vastly inflated prices of the future.

I think Keith Wickenden is too well-known and does himself less than justice by following, as he says, his "invariable practice of declaring his interest" and is being somewhat unfair to Sir Bruce White, to whose letter of January 4 he was replying: Sir Bruce did declare his interest in identifying himself with the "Channel Tunnel/island scheme." To conform with Keith Wickenden's request: he is, I am sure, familiar with my close association with the Channel Tunnel project for the past 20 years.

Donald Hunt,
3 Frobisher House,
Dolphin Square, SW1

European patent applications

From Mr. A. Duncan

Sir,—Public reference libraries in all the leading industrial cities in this country carry copies of all current British patent specifications, so enabling industry to keep abreast of the activities of their competitors, both British and foreign, who have protected inventions in this country.

Some six months ago the European Patent Convention came into full operation and, starting from December 20 last, European patent applications are being published. These have the same legal effect in this country as British patent specifications in all significant respects, and in due course lead to British national patents.

It is therefore with some astonishment that I learn there are no plans for copies of European applications to be available anywhere except at one point in central London. The bulk of industrial activity in this country is based well away from London, in the Midlands, the North, in Scotland, the West Country and in Wales, and indeed only a minority of patent practitioners are in London; yet the present proposal is that all the copies of European patent specifications (almost all of which include the UK in their coverage) that are received from the European Patent Office are to be held in a single library, namely that in the Patent Office in London.

While it is understandable that it may not be possible for copies to be provided for all the libraries that at present hold existing British patent literature, I feel that the strongest possible representations should be made to the British Library to remedy this position, by distributing copies to the libraries in at least the major industrial cities, where so much of the research and development work is actually carried out, and where the industrial wealth of this country is generated.

A. H. Duncan.
Berrow Hill House,
F ckenham, Worcs.

Today's Events

GENERAL

National rail strike.

General Council of British Shipping statement on prospects for this year.

Shop stewards leading unofficial strike of North Sea oil platform construction workers meet in Glasgow.

Mr. James Prior, Conservative speaker on employment, at London Chamber of Commerce lunch, Savoy Hotel.

Sir Terence Beckett, chairman and managing director of Ford Motor, addresses American Chamber of Commerce lunch, London Hilton.

Talks open in Ankara on U.S.-Turkish defence agreement.

Majlis (Iranian lower house) considers Prime Minister Bakhtiar's economic programme.

Mr. Guenduez Oekcuen, Turkey's Foreign Minister, begins three-day official visit to Austria.

Mr. Olla Ullsten, Sweden's Prime Minister, arrives in Washington for two days of talks with Mr. Walter Mondale, Mr. Cyrus Vance, and the Senate Foreign Relations Committee.

World Bank expected to approve five-year £1½bn energy development project for developing countries.

SEAT car workers, Spain, call three-day strike.

U.S. Ambassador speaks at Westminster Chamber of Commerce lunch, Hyde Park Hotel.

PARLIAMENTARY BUSINESS

House of Commons: Opposition censure motion on Government's handling of industrial unrest. Motion on Housing Support Grant (Scotland) Order.

House of Lords: Electricity (Scotland) Bill, third reading. Representation of the People (Armed Forces) Bill, committee stage. Land Registration (Scotland) Bill, committee stage.

COMPANY RESULTS

Final dividends: Gestetner Holdings, McMullen and Sons. SGB Group. Spencer Clark Metal Industries. Trident Television. Interim dividends: Allied Colloids Group. Ellis and Everard. Group Investors. Hales Properties. Property Security Investment Trust. Western Board Mills. Interim figures: Zetters Group.

COMPANY MEETINGS

Bridport Gundry, The Court, Bridport, Dorset, 12. John Carr, Watch House Lane, Doncaster, 11. Leeds and District Dyers and Finishers, The Post House, Bramhope, Leeds, 12. Muirhead, Hyde Park Hotel, WC, 11.15.

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FT 4

Restmor advances to £0.56m. in first half

PRE-TAX PROFITS of Restmor Group, manufacturer of baby carriages and nursery furniture, were up from £448,433 to £564,904 in the half year to October 27, 1978.

The directors consider that the results show satisfactory progress. However, margins have been affected by the company's policy of absorbing increases in the cost of raw materials and services, and this is reflected in the results.

The net interim dividend is effectively raised from 0.275p to 0.28p. Last year's total payment was equivalent to 1.7982p on pre-tax profits of £946,000.

Turnover for the half year was up from £3.45m to £4.31m.

• comment

Restmor's rst-half results — profits up 26 per cent — reflect a volume gain of over a tenth, so it is a little disappointing to see margins continuing under pressure. However, the increase in volume does represent some advance in market share with both prams and cots and this might encourage the company to feel more confident about passing on increased costs. Overall, however, the company's prospects have to be judged against the birth rate, which has levelled off in recent years. In Restmor's case this has meant an increase in orders as other manufacturers went olt of business, but the company has been unable to take advantage because of a shortage of skilled labour. Without a growing market, Restmor's future growth will depend, therefore, on its ability to market an extended product range, and by acquisition. It's growing links with Mothercare, which accounts for 50 per cent of group sales, is obviously an important element in the drive for higher profits. Meanwhile, Restmore is on target for about £1.2m this year which puts the *shares, at 72p, on a prospective* p/e of 6.4 although this is probably being held back by the 4.1 per cent yield.

HIGHLIGHTS

Lex considers **Wereldhave's** chances of succeeding in its contested offer for **English Property**, the formal document having been relased yesterday. There has been a boom in consumer credit and the results of **Forward Trust** are considered in the light of other figures from the sector. Finally Lex discusses the good trade figures and the other economic factors facing the market. Elsewhere **Restmor's** profits are up by a quarter but margins are still under pressure and **Norfolk Hotels** is firmly on an uptrend.

Highgate Optical down £88,000

AFTER SUBSTANTIAL write-*offs due to the loss of two agen*cies, pre-tax profits of **Highgate Optical and Industrial Co.** fell from £136,000 to £48,000 in the half-year to June 30, 1978. Turnover was down from £2.3m to £1.9m.

The directors state that the negotiations to sell the Spectacle Frame Division to Mr. Francis Strauss have fallen through and that the new management is currently implementing plans to develop the division and to redeploy the company's assets.

Despite this, however, the level of profit is unlikely to improve in the second half, the directors add.

Further provisions of at least £50,000 are also being made against the prior year debt due to a French subsidiary.

In the last full year, pre-tax profits were £209,000 on turnover of £3.9m.

After tax of £24,000 (£69,000) in the six-month period, earnings per 10p share are shown lower at 1.2p against 3.3p. There is no interim dividend, last year's total payment being 2.428p.

Better trend at Howard Shuttering

Following a profits fall from a peak £442,915 to £326,392 in the previous full year, **Howard Shuttering (Holdings)** picked-up in the six months to October 31, 1978, with its pre-tax result nearly doubled from £114,012 to £218,956. Turnover was unchanged at £1.73m.

After tax of £113,857 (£59,000) half-yearly earnings rose from an adjusted 1.1p to 2.1p per 10p share. The interim dividend is effectively lifted to 0.54p (0.486p) net—last year's total was an equivalent 0.989p.

Forward Trust just ahead

FORWARD TRUST, the finance house subsidiary of the Midland Bank, reports pre-tax profits of £14.6m for the year to October 31, 1978. This compares with *£14.2m las time and reflects* lower lending margins as the year progressed.

Forward Trust says it experienced a higher volume of new business over most sectors, but there has been "substantial growth" in car leasing. The accounts show that the book value of leased assets increased from £7.3m to £28.2m.

See Lex

Guthrie rejects Sime Darby

By James Bartholomew

Guthrie Corporation has advised **Sime Darby** that it "sees no purpose in conducting further discussions" about Sime Darby's mooted 425p per share bid.

Sime Darby has not yet actually made an offer, but Guthrie's statement yesterday was like the introduction to a rejection document. "The proposed acquisition would not be in the best interest of Guthrie or its employees", and, again, "the price proposed bears no relation to the intrinsic value of Guthrie," says Guthrie.

If Sime "persists" in moving to a formal offer, the Guthrie Board and its adviser, Baring Brothers and Co., would unanimously recommend rejection and full statement in support of this recommendation would be made. Meanwhile the Board, not expecting Sime Darby to retire from the field, strongly advises shareholders to take no action.

Sime Darby had no comment to make about Guthrie's statement. Mr. James Scott, the group chief executive, is remaining in London for the time being.

Guthrie's shares rose 6p yesterday to 439p.

Jitra Rubber Plantations tops £100,000

Pre-tax profits of **Jitra Rubber Plantations** are up from £88,576 to £102,471 in the year to September 30, 1978.

After tax of £37,109 (£29,545), earnings per 10p share are shown to have risen from 2.66p to 2.94p. The net dividend is increased to 1.9p (1.75p).

Retained earnings are up at £23,182 against £20,181.

Norfolk Capital maintains progress with 60% rise

PROGRESS was maintained at **Norfolk Capital Group** hotelier and property developer, during the year ended September 30, 1978. Pre-tax profits were up by 60 per cent from £451,567 to a record £723,223 on turnover of £7.3m against £6.47m.

Mr. Maxwell Joseph, the chairman, says current trading compares favourably with 1978 and can be viewed with cautious optimism. He adds that the same cannot be said of borrowing rates, and interest is likely to *impose a heavier burden than* last year.

"Taking these opposing factors into consideration, we hope nevertheless to maintain progress in 1979," he states.

Stated earnings are 3.83p (2.09p) per 5p share and with Treasury approval, the dividend is stepped up to 0.9p (0.6p) net, with a final payment of 0.6p. Although the dividend is 50 per cent on last year, consent has been given on the grounds of cover—up from 3.48 to 4.26 times.

The chairman states that revenue from the group's property portfolio, ahead from £193,428 to £294,925, reflects the higher return from accommodation refitted in the past 18 months, and the benefit from rent reviews.

In April 1978 Norfolk completed arrangements with the Midland Bank, whereby £4m of short term borrowing was converted into three to seven year period loans.

	1977-78 £	1976-77 £
Turnover	7,295,243	6,466,767
Trading profit	921,654	745,377
Rental income	294,925	193,428
Interest receivable	38,020	64,090
Inv. dividends	1,298	52
Share dealing profit	12,072	5,011
Interest payable	551,552	567,424
Assoc. co. profit	6,806	11,033
Profit before tax	723,223	451,567
Taxation	219,466	177,538
Group	217,248	172,938
Associate	2,218	4,600
Net profit	503,757	274,029
Extraord. credit	—	18,345
Attributable	503,757	292,374
Ord. dividends	118,262	78,841
Retained	385,495	213,533

Interest is based on the London inter-bank rate and is on more favourable terms than with previous bankers, Mr. Joseph says.

The steady improvement and expansion of trading assets has continued. The new long lease for the Royal Court Hotel and the purchase of the Queensway freehold were completed.

And the group has acquired for £215,000 the freehold of the Norfolk Hotel, which had been held on a short lease.

In September, 1978, the freehold Granby Hotel at Harrogate was purchased for £150,000.

The group's tax accounting policy has been changed, and ACT on dividends paid and proposed for the year has been written off; the comparative tax figure for 1977 has been adjusted to conform.

• comment

Five years after collapsing into the red Norfolk Capital's star is firmly back in the ascendant. As expected pre-tax profits are some three-fifths better while under the new cover regulations shareholders will benefit by higher dividends from most of this increase. Norfolk is essentially a hotel group with less important but nonetheless useful property interests which this time turned in a more than respectable 52 per cent rise in rental income. One major new let at the end of 1977 accounts for much of the improvement; overall there has been an uplift in rental levels which should continue. On the hotel side, the company is still reducing the heavy discounts which, given the strong recovery over the last two years, are an unwanted legacy of the 1973/74 slump. Moreover, with seven hotels in London and 10 in the provinces, the group has the *right spread to cash in on further* expected tourist demand. With hotel assets currently valued in the market at well below their replacement cost, the sector has recently seen its fair share of bid activity. Norfolk, however, is unlikely to be involved either as predator or victim; on the one hand there is a big defensive stake of over 30 per cent, on the other the company's still high gearing requires cautious expansion. Interest rates provide the main worry but at 44p the P/E of 11.3 and 3 per cent yield do not overstate further potential.

Braid still behind despite second-half improvement

DESPITE AN improvement from £505,194 to £531,574 in second half pre-tax profits, **Braid Group** finished the year to September 30, 1978, lower at £870,820 compared with the previous year's record £906,576. Turnover rose £5.23m to £30.88m.

Stated yearly earnings fell from 6.99p to 6.92p per 5p share, while a final dividend of 1.06258p net, including a supplemental 0.0072p on ACT reduction, makes the total payment 1.5384p (1.37768p).

After tax of £448,414 (£480,186) and extraordinary credits, £9,365 (£8,713), attributable profits fell *slightly from £435,103* to £431,771. Retained surplus emerged at £332,467 against £345,442.

The group is involved in the distribution and retailing of cars and commercial vehicles, etc.

A.—ARGENTINE TRAMWAYS

Anglo Argentine Tramways Company has now received an authority from the Bank of England for the proceeds of the Argentine Government capital bills paid this month to be treated as investment currency.

The amount of the investment payment to be made of 2½ per cent (on March 1) of the principal monies outstanding on the First Debenture Stock at the date of the Scheme of Arrangement approved on May 12, 1967.

ANGLO-SWISS HOLDINGS

The acquisition of 150,000 shares by **R and W Hawthorn Leslie**, *the engineering group*, in **Anglo-Swiss Holdings** is described as a significant development in the formal offer document of **Armstrong Equipment's** agreed bid for Anglo-Swiss.

Hawthorn Leslie's stake now stands at 262,500 Anglo-Swiss shares. The latest tranche of 150,000 was purchased at a price of 59p.

However, the Anglo-Swiss Board has not been notified of the intentions of Hawthorn Leslie, and the financial advisers believe that the £1.4m offer by Armstrong to be fair and reasonable.

Anglo sees no reason to modify its strong recommendation of the Armstrong offer. Shareholders will be advised of any *further relevant* developments.

ASSOCIATE DEALS

Brokers to Norcros Laurence Prust bought on January 9 14,300 ordinary shares in **H. and R. Johnson-Richards Tiles** at 133p on behalf of a discretionary investment client.

John Siddall and Son, an associate, bought on January 9 20,000 **Bridgewater Investment Trust** at 9½p on behalf of a discretionary investment client.

Rowe and Pitman, Hurst-Brown, associates of **Letraset International**, bought for a discretionary investment client of an associate 50,000 **Stanley Gibbons International** at 299p.

Lazard Securities—subsidiary of Lazard Brothers and Co.—yesterday sold on behalf of a discretionary investment client 10,000 **Wilmot Breeden (Holdings)** at 80p.

Grenfell and Colegrave as joint brokers to **Letraset** have sold 5,000 Letraset ordinary at 128p on January 5 for a discretionary investment client.

Lazard Securities, a subsidiary of Lazard Brothers and Co, on January 5 sold on behalf of a discretionary investment client 25,000 **Wilmot Breedon (Hldgs.)** ordinary shares at 81p.

LONSDALE OSBORNE

Lonsdale Osborne and its sister company, **Osborne Marketing Communications**, have been acquired by a consortium of existing directors, in association with a private investment company as minority shareholder.

The consortium has purchased the goodwill of both businesses, the leases of the companies' premises at Hesketh House, Portman Square, and all other assets.

The company will be changing its name to Lonsdales to reflect the change in ownership.

HEWDEN STUART

Hewden Stuart Plant has acquired the crane hire fleets and the crane hire businesses of the **Kaye Goodfellow Group** for £800,000 cash and 400,000 ordinary shares.

The principal assets acquired are 34 cranes together with their supporting tackle and equipment. *In terms of the agreement*, Hewden Stuart will continue the existing hires and services to customers formerly offered by Kaye Goodfellow, which has ceased to engage in crane hire.

SHARE STAKES

Y. J. Lovell (Holdings)—J. G. Laing, director, on December 21 acquired beneficial interest in *10,000 shares* at 105⅛p. I. D. McIntyre, director, acquired beneficial interest in 21,000 shares at 105⅛p bringing total interest to 23,923. N. E. Wakefield, director, acquired beneficial interest in 40,000 shares at 105⅛p bringing total interest to 45,000.

Chloride Group — Following options have been granted to directors. P. C. Aspinall 10,000 shares; D. G. Cochrane 10,000; G. Cooper 15,000; K. R. Hodgson 15,000; J. W. Ray 25,000; M. J. Sharman 25,000. All at option price of 105p.

71 companies wound-up

Orders for the compulsory *winding up of 71 limited* companies were made by Mr. Justice Vinelott in the High Court yesterday. They were:

Slavwain Buildings, Colnmate, F. Braybrooks and Company, Knight Waste, Cross Architectural Metalworkers, Mellacrest, Scott Heating and Electrical, Dorset and Co. (Epsom).

Bowles and Preen, Cardue Contractors, 4D Construction, Lengthchoice, Richington Engineering Industries, V. M. Griffiths and Company, Chartwell Electro-Acoustics.

J. and D. Bradley, Mardgin Securities, M.T. Drain and Sewer Services, Number 15 Club, R. T. Mortimer (Forestry), Sledhurst, The Woodmill Property Group, Wessex Holdings, Pierpoint and Sons (Homes).

Multiform Transport, Trigvale, Betts (Ipswich), Advantage Home Services, County Decorators, Limeglade Motors, Pleasure Time Automatic Amusements, Priory Transport (Reigate).

Topisle, W. H. Hackett, Celtic European Construction Equipment, Kinvale, A. L. Daniels and Company, Calder Transport (Wakefield), Graham Miller Interiors, Tharion International.

K.H.M. Aviation, F. and T. McBride, Gillard Electric, Fiord Beauty Products, R.K.E. Painting Contractors, E.V.O. Burrows and Sons, Champion Petfoods, Hicraft Handbags, Novarmarl.

Byemead, Mace Hakim International (ME), Hobdale, H. R. Cameron (Roofing Contractors), Minow Builders, Sancapp Shopfitting Company, Gavward, Swabian.

Tri-Am Photoset, Joe Frater Motors, Bowness Plant Hire, Cliffglen, G.R.P. (Process Vessels), Marquis Theatre Productions.

Town House Restaurants, Monymusk Productions, Warren and Valley, Darcee Construction Co., Rentaview, R. C. Darlington and Sons, Aitex Travels, and Sinfield Gravels.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Braid Group	1.06‡	Mar. 10	0.95	1.54‡	1.38
Gt. Northern Inv.	3.21	Mar. 22	2.72	4.5	3.87
Howard Shuttering int.	0.54	Mar. 5	0.49*	—	0.89*
Jitra Rubber Plantat'ns.	1.9	Feb. 23	1.75	1.9	1.75
Meggitt	0.42	April 3	0.2	0.64	0.39
Norfolk Cap.	0.6	April 30	0.4	0.9	0.6
Regional Properties int.	0.5	April 4	0.5	—	1.1
Restmor Group int.	0.28	Mar. 9	0.28*	—	1.80*

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes additional 0.0072p now payable.

Regional Properties shows improvement

PROGRESS IN taxable profit from £453,000 to £536,000 was achieved by **Regional Properties** in the half year to September 30, 1978, following on the turnround from £0.8m loss to £1m surplus over the previous two years.

Rents and other income net of expenses for the first half improved by £0.11m to £1.02m. After tax of £304,000 (£250,000) net profit emerged £30,000 higher at £203,000 before interest and outgoing on development properties, lower at £206,000 (£226,000), and increased extraordinary gain —including a tax credit this time of £107,000—up from £447,000 to £599,000.

The net interim dividend is held at 0.5p per 25p share, and again costs £93,000. The directors hope to increase the final. The total payment last year was 1.1p.

	Half-year 1978 £000	1977 £000
Rents & other inc. net	1,024	919
Interest	488	466
Profit before tax	536	453
Tax	304	250
Net profit	232	203
Interest & outgoings*	206	226
Extraordinary credit	†599	447
Leaving	834	650
To capital reserves	599	447
Attributable	232	203
Interim dividend	93	93
Retained	139	110

* On development properties. † Includes tax credit £107,000 (nil).

C. E. Heath change

BY ROBIN REEVES, WELSH CORRESPONDENT

A shake-up has taken place in the underwriting management business of insurance broker **C. E. Heath**. The underwriting account of Bellefonte Insurance Company (a wholly owned affiliate of Armco), which C. E. Heath (Agencies) has managed since 1972, is to be brought under the wing of direct management by Bellefonte.

The account has grown to a size where it now forms a very significant part of the Bellefonte's worldwide underwriting account. Consequently, explains Heath, the Bellefonte Insurance Company has decided that this important part of their business must be brought under their direct management.

"This move is solely dictated by Armco's corporate business philosophy and they expressed their satisfaction with the manner in which the account has been developed while under the management of C. E. Heath (Agencies)," says Heath.

Under the new arrangement Bellefonte is to make an offer of employment to all of the staff currently working for Heath's agency operation and will take over all office locations.

C. E. Heath will provide management services to Bellefonte and participate in the profits of the Bellefonte's London account for a period of five years from January 1, 1979.

In 1977-78 the income of C. E. Heath (Agencies) arising from the Bellefonte account in London was £300,000.

Also under the new arrangement Bellefonte will make available the services of such staff as are necessary to enable C. E. Heath (Agencies) to continue writing a London market account for the Pine Top Insurance Company.

Advance by Gt. Northern Investment

With gross revenue of the **Great Northern Investment Trust** higher at £3,971,740 against £3,416,148, the net result advanced from £1,975,528 to *£2,307,325* for the year to November 30, 1978.

Tax charge was £1,351,581 (£1,163,990) giving stated earnings per 25p share up from 3.954p to 4.643p. A final dividend of 3.21p lifts the total payment to 4.5p (3.87p) net.

Net asset value is shown at 137p (132p) per share.

Redland Braas Corporation

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has acquired

Automated Building Components, Inc.

We initiated this transaction and acted as financial advisor to Automated Building Components, Inc.

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January 11, 1979

Goldman Sachs

MUIRHEAD GROWTH ACCELERATES

Summary of Group Results (£'000)

	1978	1977
Turnover	21,169	17,588
Pretax profits	2,137	1,596
Dividends	416	219
Profit retained	1,280	743
Net assets employed	15,593	10,832
Earnings per share	22.2 pence	15.5 pence
Dividend per share	5.0757 pence	3.705 pence

Points from the statement by the Chairman, Sir Raymond Brown, OBE, to be presented to the Annual General Meeting on 16 January 1979.

- Turnover up by 20% and pretax profit up by 33% compared with previous year.
- Levels of order books and enquiries for all products increased again.
- Further growth in turnover and profits expected in current year.
- Re-equipment with high precision numerically controlled machine tools improves product competitiveness.
- Extraordinary increase in dividend authorised by HM Treasury and recommended. Gross dividend percentage has doubled since 1973.

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A most attractive compensation package is offered consisting of a substantial base salary, supplemented by an outstanding incentive plan and other fringes including automobile and furnished housing. Future opportunity in this growing company is limited only by the capability and performance of the successful candidate. If you are *interested and qualified for this position, please write to us as* the company's executive recruiting consultants.

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BIDS AND DEALS

£5½m Nice sale helps EPC to counter Wereldhave attack

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

English Property Corporation, Britain's second largest property group with book assets of £770m, was attacked yesterday as "imprudent" in its decision to keep paying dividends, and worth less than half of its reported equity assets of £99.8m. The attack came from N.V. Beleggingsmaatschappij Wereldhave, the Netherlands' largest quoted property investment company, and the group that launched a £40.4m (37p a share) bid for EPC just before Christmas.

In its formal offer document, posted to EPC's 23,000 shareholders last night, Wereldhave explains that, after six months abortive bid talks with the group, it is confident that its offer "fairly reflects EPC's overall worth having regard to EPC's underlying assets, massive borrowings, contingent liabilities and general prospects."

Mr. Stanley Honeyman, EPC's chief executive, dismissed Wereldhave's offer last night as "completely inadequate." He expects to have a defence document for shareholders within a fortnight which will include the results of a complete revaluation of group properties as at October 1978. Mr. Honeyman also confirmed yesterday that EPC has now contracted to sell its troublesome Nice redevelopment site to a Dutch developer for FFr. 16.8m (£5.5m).

The Nice sale demolished one peripheral plan of Wereldhave's attack as EPC has sold on both the site and all contingent liabilities of the redevelopment of the town centre, a scheme described by Mr. W. M. Van Dijk, Wereldhave's chief executive as a "car park in a river with a library on top to stop it floating away."

The core of Wereldhave's argument centres on a recasting of EPC's 1977 accounts. Wereldhave and its adviser, Morgan Grenfell, believe that at least £15m should be sliced from EPC's net worth to allow for losses on development schemes (excluding Nice), losses that are obscured at the moment by the group's accounting systems. They clip a further £8m from its worth to allow for currency losses last year, and at least as much again to make allowance for last year's net revenue deficit. By discounting the £33m referred to by EPC's auditors in its last accounts (provisions necessary to cover losses on EPC's Belgium properties), Wereldhave arrives at a net worth of rather less than its £40.4m cash bid.

Facing EPC's decision to publish its portfolio revaluation in defence, Wereldhave tells shareholders that: "unless that of revaluation give due weight to contingent liabilities and to the existing and future differentials existing and future difficulties of the development properties" (shown at £171m in its 1977 accounts) "we would treat any revaluation with considerable reserve."

Wereldhave winds up its bid document with the point that having attacked the group's worth, "you may well wonder why Wereldhave is interested in acquiring EPC." The answer lies in the contrast in the financial strengths of the two companies. We believe that EPC has become the victim of a vicious circle from which there is no exit."

"As best, the extraction of EPC from its predicament would take a number of years, during which time shareholders would receive little or no financial reward for their patience. Wereldhave, on the other hand, has a strong balance sheet, access to substantial long-term funds and a favourable tax status. These factors will permit us to retain the bulk of EPC's investments and to tackle the problem developments."

The market awaited EPC's formal response yesterday, leaving the shares unchanged at 40p.

See Lex

SEDGWICK/BLAND MERGER TERMS IMMINENT

Sedgwick Forbes and Bland Payne, the two insurance brokers in merger discussions, are likely to announce the terms of the merger ahead of last month's indicated time—the end of January.

Mr. Peter Wright, Sedgwick's chairman, said yesterday "I hoped to have a conclusion to our deal before the end of January. I am more certain that we shall keep within that timetable."

So an announcement next week looks possible. After that, trading in Sedgwick's shares will be recommenced.

All the problems surrounding the merger terms seem to be thrashed out. And the combined group's eventual link-up with Alexander and Alexander, a major quoted broker in the U.S., has cleared the Hart Scott Rodino hurdle.

The new Hart Scott Rodino Act inthe U.S. has given power to the Securities and Exchange Commission to call in all bids involving companies with assets and earnings in the U.S. above a certain size.

In the newly merged Sedgwick-Bland operation it is thought that Mr. Neil Mills, chairman of Bland Payne, will chair the new group.

TOOTAL COMPLETES

Tootal has completed the acquisition of Ups 'n Downs, Inc., a New York based specialty clothes retailers.

Tootal has had a presence in the U.S. for 80 years through ownership of American Thread. Now, following the acquisition of Ups 'n Downs, Tootal intends to expand its activities there. These include expansion of the specialty retailing business and new areas of development for American Thread. With the acquisition of Ups 'n Downs, Tootal's investments in the U.S. will have an annual sales volume of some $200m.

HOUSE OF CARMEN

House of Carmen has joined with Product Resources International SA as principal shareholders in a new company to be known as H.O.C. (Consumer Electronics).

The new company will concentrate on the marketing and distribution of a range of consumer electronics and small appliance products developed and sourced by PRI's European and Far East offices andy will be responsible for the UK distribution of the SONATEL range of products designed and developed by PRI.

CAMELLIA GROUP 'INDIANISATION'

Six tea companies in the Camellia Investments camp have announced their "Indianisation" proposals.

Certain of their plantation interests are to be brought together under a single new India-registered company, Jorehaut Group, according to the proposals.

The estimated consideration, to be satisfied by a combination of share and loan capital in Jorehaut Group, will be: Badulipar Rs 5.59m; Bazaloni Rs 9.34m; Isa Bheel Rs 1.72m; Longai Valley Rs 1.98m; Marangi Rs 0.45m; and Jatel Rs 6.5m.

The scheme and the estimate values have been drawn up by Price Waterhouse and Co., Calcutta, in accordance with Indian Government guidelines. Shareholders will be asked to approve the scheme after certain initial consents have been obtained. They will be circularised with the full details as soon as practicable.

ICFC BACKING FOR DATRON

A subsidiary of Industrial and Commercial Finance Corporation (ICFC) has provided a long-term loan of £250,000 to Datron Electronics, a manufacturer of digital voltmeters and data processing equipment.

The cash borrowed from Technical Development Capital, the ICFC subsidiary, has financed the group's new 20,000 sq ft purpose-built factory on the Norwich Airport Industrial Estate.

Datron, started in 1971, hopes that the new factory will help increase the group's output and a turnover of £2m is forecast for the current year.

LETRASET OFFER UNCONDITIONAL

The recommended offer from Letraset for the capital, as reorganised, of Stanley Gibbons has become fully unconditional.

Valid acceptances of the offer have been received in respect of 5,756,375 new ordinary shares and 5,756,375 deferred shares of Stanley, represting 93.87 of each class.

Grenfell and Colegrave, joint brokers to Letraset, have bought 5,000 Letraset at 127p for a discretionary investment client.

ALGINATE INDS.

Profits of Alginate Industries estimated to have been "substantially lower" in 1978 than in the previous year, says Mr. W. R. Merton, the chairman.

Recommending acceptance of the 360p per share offer from Merck and Co., Mr. Merton says, "the adverse factors at present in operation show no sign of an early improvement."

He refers particularly to the strength of sterling against the dollar and the sluggish growth of world trade which together have kept down margins. Although a resumption in profits growth beyond the 1976 level would be achieved, "at some time in the future," Mr. Merton says the offer is higher than the shares could be expected to go in the medium term.

EDWARD JONES

Edward Jones (Contractors) has now completed the acquisition of the outstanding 49 per cent of its subsidiaries, Edward Jones (Developments), for £21,400 to be satisfied by the issue of 214,000 ordinary shares.

Guinness chief hopeful of further improvement

WHILE HE feels it is early to make any forecast for the current year, the Earl of Iveagh, the chairman of Arthur Guinness Son and Co., is very hopeful of a further improvement in profits.

As reported on December 16, pre-tax profits, as forecast, showed a substantial upturn in the second half of the 53-week period ended September 30, 1978, and the full year's figure came out at a record £44.9m against £39.5m. Turnover was well ahead from £498.8m to £642.7m.

Despite its expansion from Dublin to a worldwide brewing company with a full range of highly successful beverages, Great Britain remains the group's biggest single market for stout, the chairman states.

And though sales here have declined somewhat in recent years the group is also confident it can keep its position as one of the largest selling national beer brands.

"We shall indeed be making every effort to restore and expand our market share," Lord Iveagh says. "Additionally we are well represented in the growing lager market," he adds.

In many overseas countries the group has made good and significant investments and the directors are further confident that these businesses will grow and carry on growing.

In line with the policies in the countries where it operates Guinness shares its growth with local investors and the chairman says this naturally limits the returns to home stockholders. Progress is slower also in other countries to which Guinness exports its brands. However, steady progress is being made in the big beer markets of the EEC and the U.S.

The directors are very confident that further considerable growth over the years will be achieved in the brewing and drinks side of the group's business and believe that the largest share of the profits will always come from brewing.

However, the directors have been seeking for some time to develop a number of other activities which will widen the earnings base and improve the balance of the company's activities.

This policy has taken them into a wide number of business areas — holiday and leisure activities, confectionery, property, plastics, horticulture, pharmaceuticals and publications—and the chairman says, "we aim to use our experience in marketing and branding these products or services to supply both the industrial and the individual consumer."

Guinness will continue to seek situations where investments can lead to better than average growth and return on capital. The directors will pay special attention to developing profitably business interests in the EEC countries and North America, where the group's level of earnings is at present too small and out of balance, for its size.

THOMAS JOURDAN

Thomas Jourdan announce that the business of its trading subsidiaries, Hemcol and Simplon Interline, have been merged and the new entity will now trade as Simplon Lighting and Hemcol.

Meggitt's £287,000 increase

RECORD profits, as forecast, are reported by the directors of Meggit Holdings for the year to October 31, 1978. At the pre-tax level, profits surged from a previous £190,866 to £478,316 on turnover well ahead to £6.19m against £4.58m.

Mr. J. D. Tyler, chairman, says prospects for the current year appear satisfactory.

At the half-way stage profits were up from £40,177 to £180,113 and directors said that the second half had started well and prospects were that the group would achieve record results for the full year.

Stated earnings per 5p share are 7.6p compared with 2p and the directors are seeking an increase in the dividend from the Treasury, from 0.395p to 0.6406p net with a final of 0.4195p, under counter inflation legislation 1978—directors have waived dividends amounting to £4,016.

Net profit for the year came out at £327,180 (£86,938) after tax of £151,136 against £103,928; tax provision in respect of first two years' stoc krelief of £94,376, has been written back.

Meggitt is a machine tool maker.

Polymark buys interest in German company

Polymark International has paid £190,568 in cash for a 51 per cent stake in Adolf Dreher KG, a Hamburg-based limited partnership which distributes industrial washing machines in Germany and Austria.

The partnership will continue to be run by the existing management but Polymark has agreed to invest additional working capital of £316,000 (DM 1.17m).

Polymark also has the option to buy and Mr. Adolf Dreher, who owns the outstanding 49 per cent, has the option to sell some or all of the remaining shares on December 31, 1983.

The option price for the whole of this outstanding capital will be 1.715 times the average annual pre-tax profits of the partnership for the five years to end-December 1983 and will be reduced pro rata if less is transferred.

Of this option price 75 per cent will be met by the issue of Polymark ordinary shares and the rest in cash spread over five years.

Dreher's pre-tax profits for the year to end December, 1978, were £141,000 (DM 531,000) while net assets at that date were £304,000 (DM 1.13m).

Dreher's washing machines are produced by Milnor, a leading American washing machine manufacturer. Polymark, which manufactures and sells a variety of equipment in the linen care field, has the same distribution rights from Milnor in the UK, Ireland, France and Belgium.

After management remuneration future profits of Dreher will initially be shared on a basis which is marginally preferential to Polymark.

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Rustenburg Platinum Holdings Limited

(Incorporated in the Republic of South Africa)

Chairman's Review by Sir Albert Robinson

The thirty-second annual general meeting of the company will be held in the board room, Consolidated Building, corner of Fox and Harrison Streets, Johannesburg, at 09h30, on Wednesday, 24th January 1979.

The significant improvement that took place in the platinum market during the financial year that ended on the 31st August 1978 had a most encouraging and favourable impact on Rustenburg's financial results. This change was brought about by a number of events. These included Russian sales being made at the lower levels that have prevailed since the end of 1977, the demand for Japanese jewellery remaining firm, the automobile industry demand showing a marked increase and the industrial demand improving. If this favourable situation persists for the rest of the current financial year, the company should make good progress towards re-establishing the financial strength that was eroded so severely during the years 1975-77 when costs rose steeply, demand fell and prices were low. For the 1978 financial year, Rustenburg was able to report a 20% increase in turnover and a consolidated after-tax profit of R25,8 million. The earnings per share for the year was 20,9 cents from which a dividend of 8 cents was paid absorbing R9,9 million.

Operations

In last year's statement I emphasised that the company would concentrate on improving productivity so as to reduce the impact of inflation on its costs of production. These efforts have resulted in improved plant and labour efficiencies and improved mining methods. Major changes in the manning and operation of the refining processes at Matthey Rustenburg Refiners resulted in a lower average cost per ounce of platinum refined. The overall effect of these efforts was a reduction in the annual increase in the total cost of production per ounce of platinum to 10%. We should not lose sight of the somewhat longer term effects which inflation has had on the cost of production and the corresponding movements in the price of platinum. The year 1974 was the last year when our published price of $190 per ounce was not only acceptable to customers but also provided the company with a reasonable rate of return. This was before the economic recession in the major industrial countries led to a serious weakening in the platinum market. In the short period of four years since 1974 the cost of production has more than doubled whereas, after allowing for the change in parity between the U.S. dollar and the rand since that time and for the doubling of production costs, it is only after the most recent increase in the price of platinum to $300 that a rand parity with 1974 has been restored.

There has been little change in the prices of other platinum metals with the exception of rhodium, the price of which has increased significantly during the past year. In the case of nickel, however, the prices achieved on sales made after July deteriorated markedly. If cognizance is taken of the reduced purchasing power of the rand, today's nickel prices are lower than they have been at any time since 1968. Nickel sales represent a very significant proportion of Rustenburg's total revenue.

In November 1977 the company announced a reduction in the rate of production. However, sales continued to be in excess of this reduced rate and so it was decided in March 1978 to restore some of the production cutback. The full restoration of the cutback was achieved by the end of 1978. However, the demand for platinum for the U.S. automobile industry continues to grow as a result of the tighter emission standards that have been imposed by the authorities. To meet the existing commitments that the company has to the automobile industry it has been decided to reinstate part of the previously planned capital programme at Amandelbult Section.

The rising prices and the increased demand for cobalt has led to a decision by Matthey Rustenburg Refiners to install an extraction plant for this metal. It is anticipated that cobalt sulphate will be available for sale about the middle of 1979. Revenue from this by-product will be small in relation to the total revenue of the company.

Studies on various alternative processes for the establishment of a new base metal refinery at Rustenburg are still in progress. If these studies confirm that substantial savings in operating costs can be achieved and that such savings justify the considerable capital expenditure involved, then the new refinery installation will in all probability be approved.

Employment practices

On the 6th December 1977 the Republic of Bophuthatswana became an independent state. This independence directly affects Rustenburg as two of our mines lie partially within the borders of Bophuthatswana. The constitution of Bophuthatswana provides for a non-racial society, and so there must be equal employment opportunities for all its peoples irrespective of race. The company's policy is to improve job opportunities for all of its employees by means of training, development and advancement. In developing this policy we will continue to collaborate with the Council of Mining Unions and the Officials Associations as well as the Governments of Bophuthatswana and South Africa. It will take some time to effect meaningful changes, but the task must be tackled in a positive manner and on a properly planned basis which we hope will be to the satisfaction of both the Unions, the Officials Associations and the Governments concerned. A further aim of the company is to create a uniform salary pattern based on occupation categories which will enable both black and white employees to be rewarded at the rate for the job. The co-operation that we have received until now has been encouraging. However, the elimination of discrimination can only be achieved by providing suitable guarantees to our white employees; we hope to negotiate these and implement them without delay. I appeal to all concerned to adopt a constructive attitude to this important question so that the changes can be effected as harmoniously as possible.

The Automobile Industry

As I have stated above it seems likely that the company's sales to the automobile industry will continue to grow. The amendment to the U.S. Clean Air Act passed by the U.S. Congress in August 1977 extended the 1977 model year standards to model year 1979. The standards for model years 1980 onwards are more stringent. Metal supplies for the 1980 model year will commence in April 1979 and are likely to be at a substantially higher level for this and subsequent years. In the longer term this increase in demand may be offset by the possibility that some proportion of these metals will be recovered from catalysts on scrapped automobiles. This process of recovery could start on a small scale in the early 1980's and could reach significant proportions by the end of that decade. However, there appear to be various obstacles to the recovery of the metals, and at this stage it is difficult to assess whether the cost of recovery will prove to be competitive with newly mined platinum. If the difficulties are overcome, then the demand for newly mined platinum could be materially reduced by the late 1980's. Any new contracts that this company might be requested to enter into for additional supplies to the automobile industry will have to take this fact into account. In other words Rustenburg will have to ensure that it will be in a competitive position by the mid 1980's having recovered by then the capital invested to meet the demand for increased supplies to the automobile industry.

European legislation on automobile exhaust emissions is under consideration. Contrary to the USA practice it seems likely that leaded fuels will continue to be used in Europe. Platinum catalysts tend to be poisoned by lead and consequently research programmes aimed at overcoming this problem are in progress.

Jewellery Promotion

Rustenburg remains convinced that the potential for platinum jewellery is significant and that the promotion of this market could provide scope for an increase in demand in the future. In Japan joint promotions with manufacturers and retailers, design competitions and seminars on the manufacture and selling of platinum jewellery continued during the year, causing considerable enthusiasm in the trade. An important development in Japan is the increasing contribution of funds by the trade for joint promotions with Rustenburg. In West Germany and the United Kingdom platinum jewellery is now produced and distributed by a growing number of jewellers. During 1979 our efforts will be aimed at the wider and less expensive sectors of the jewellery market as an increasing number of manufacturers and retail outlets are drawn into co-operative promotions. Our current annual expenditure to encourage the use of platinum in jewellery has been increased to approximately R4,5 million. We believe that this is a worthwhile investment for the future.

Outlook

The fluctuations of the economics in the western world in the months ahead and the effect these will have on the demand for platinum will, in the main, determine the results for the current financial year. The volume of Rustenburg's platinum sales for the first four months of this year compare favourably with the corresponding period of last year and with the increased requirements of the automobile industry and a steady demand from most other sectors of the market the outlook looks promising. Against this background it should be possible to sustain the present price of platinum. However, the price is influenced by changes in supply and demand, by the activities of speculators in the free market and the changing prices of other precious metals, especially gold. A major factor that can affect the balance of supply and demand is the level of supply by Russia.

In recent years Rustenburg has lacked the cash resources that were necessary to accommodate the fluctuations in demand. In particular the high level of the company's various borrowings reduced its flexibility to develop an appropriate response when the free market price fell below the producer price. Your Board believes that the improved trading results that are presently being enjoyed by the company give it the opportunity of consolidating its financial position. We have taken a decision that the amount of debt used in financing the company's operations should be reduced to a minimum. Rustenburg therefore plans to redeem its existing long term loans on due dates. As a result the present long term debt of R49,4 million should be fully repaid at the end of the 1980 financial year. Finally as a further measure to strengthen our financial position we have decided to take every precaution to ensure that if a major expansion is required for any specific customer then this will be done against guarantees that are aimed at eliminating the risks associated with such expansion.

Directorate

During the past year Dr Z. J. de Beer and Mr G. Langton resigned as directors of this company and I wish to express my appreciation of their services on the Board. Mr G. H. Waddell and Mr D. E. MacIver were appointed to fill these vacancies and I would like to welcome them to the Board.

General

I wish to record our appreciation to Johnson Matthey & Company Limited, our sole marketing agents, for their high standard of technical, research and marketing services. I would also thank our customers throughout the world for their support without which the improved results reported by the company for the past financial year could not have been achieved.

I would like to express my sincere thanks to the Mine Managers, Consulting Engineers, Secretaries and all the staff and employees at the mines and at Head Office for their outstanding efforts during the past year.

Johannesburg
15th January 1979

APPOINTMENTS

Chief Executive

BUILDING SERVICES

for a group of businesses engaged in manufacturing, selling and contracting. They form a division of the parent company.

- RESPONSIBILITY in this main board appointment is to the group managing director for the profitable development of the division.
- THE REQUIREMENT is for a qualified engineer with a record including successful general management in building services or contracting.
- PREFERRED AGE: 40s. Salary unlikely to be less than £15,000 with a substantial additional bonus scheme.

Write in complete confidence to A. Longland as adviser to the group.

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and
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CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED,
35, NEW BROAD STREET, LONDON EC2M 1NH. TELEPHONE 01-588 3588 or 01-588 3576. TELEX 887374.

UNIVERSITY OF WARWICK
LECTURESHIP IN INTERNATIONAL STUDIES

Applications are invited for a Lectureship in International Studies, tenable from 1st October, 1979. The successful applicant must have an academic background, research interests, and/or practical experience, relevant to the field of international studies, and must be able to teach topics in contemporary international political economy, including European integration. Formal training in economics would be an advantage. Initial salary within the first four points of the Lecturer scale: £3,883 (£4,631)-£7,754 pa (under review). Application forms and further particulars from the Academic Registrar, University of Warwick, Coventry CV4 7AL quoting Ref. No. 21/A/78. Closing date for receipt of applications is 5th February 1979.

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with or without working experience of commerce or industry, we have a vacancy to suit your requirements. Contact Terence Nice, IPS Group Financial and Accountancy Division (Recruitment Consultants), 6, Lloyds Avenue, London, EC3N 3ES. Tel: 01-481 8111.

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Project Accountant

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You will be based at Hatfield. The salary is competitive and other employee benefits are those expected from a large organisation. An initial point of contact is Bernard Doggett on Hatfield (07072) 62345 or send brief details of yourself to:

The Employment Manager,
BRITISH AEROSPACE AIRCRAFT GROUP
HATFIELD - CHESTER DIVISION
Hatfield, Herts. AL10 9TL.

Cheshire

Chief Executive
£20,583–£21,546

The Council seeks a successor to Mr J K Boynton who retires on 31st July 1979.
The Chief Executive is the head of the County Council's paid service and its principal policy adviser.

Whilst not essential, experience in local government or a related branch of the public service is desirable.

Assistance with relocation expenses will be given.
Application forms and further particulars are available from the Principal Personnel Officer, Cheshire County Council, County Hall, Chester CH1 1SF.
Closing date: 29th January 1979.

ROYAL BANK LEASING LIMITED

The above company which is a wholly owned subsidiary of The Royal Bank of Scotland Limited, requires another Assistant Manager to help handle the rapidly increasing business in the leasing field.

The duties would include negotiation of new leasing business with prospective customers, calculation of lease rentals and supervision of legal documentation. Experience with individual transactions of £50,000 and over would be advantageous.

A background in finance, with particular reference to leasing, is essential.

Salary negotiable. Fringe benefits include non-contributory Pension Scheme and attractive Staff House Purchase Scheme.

Applications stating age, qualifications and previous experience should be made in writing to:–

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For the Financial Times organisation which is installing a computer system based on a PDP 11/70 for commercial applications.

Reporting to the computer services manager, the successful applicant will provide a computer service for the finance director. The accounting systems manager will work initially with consultants developing the first applications and will progressively take over responsibility for the operation and further development of the systems.

Applicants, male or female, and ideally aged 28-34, should have several years' experience as a senior systems analyst or project leader in a medium to large organisation. Programming experience of accounting applications in BASIC is desirable and ideally this will have been gained on mini-computers with on-line capabilities.

For an application form, write in confidence, showing how you meet the specifications and quoting reference 1821/L, to M. J. H. Coney,

Peat, Marwick, Mitchell & Co.,
Management Consultants,
Executive Selection Division,
165 Queen Victoria Street,
Blackfriars, London, EC4V 3PD

Financial Controller

In our capacity as Executive Search Consultants we have been retained by the group holding company of one of Saudi Arabia's major trading companies to find a Financial Controller for a recently established division.

The successful candidate will be responsible for monitoring the financial performance of the Division's existing joint ventures in contracting and construction. He will recommend, where appropriate, further equity or debt financing and will prepare detailed financial feasibility analyses for potential new joint ventures or trading opportunities. In addition, he will assist in contract negotiations.

The ideal candidate will be a qualified Accountant with a good educational background. He will have a successful record in the controllership function, having spent at least part of his career in the engineering or construction industries. Furthermore, he will have the personality, maturity and stature to be accepted by senior management, both within the Group and with joint venture partners. A knowledge of Arabic would be an advantage.

Our client is eager to attract an individual of indisputable character and competence and is offering a salary commensurate with experience. A discretionary bonus is also available. In addition, he will receive a range of fringe benefits, including furnished housing and annual home leave.

For further information please write enclosing full details of career background to:

Box 2151, Gould and Portmans Limited,
55/57 High Holborn, London WC1V 6DX, England.

Director of Marketing and Public Relations

Our present Director retires in 4 years and we wish to appoint his successor now in order to achieve a smooth and gradual hand-over of responsibilities.

As a Building Contracting organisation we undertake work on both traditional and design and construct bases and are currently involved in a diverse range of projects from small industrial buildings to £multi-million high technology schemes of extreme complexity. We require a professional, experienced in marketing and public relations on the contracting side of our industry who has the imagination, enthusiasm and drive to inspire his/her team toward making a substantial impact on our continued growth and development.

An attractive salary will be paid to the person measuring up to our criteria and a company car will be provided. In addition there is a twice-annual bonus scheme, pension, full life assurance and private medical benefits.

Please write in strict confidence to:—E. J. White, Kyle Stewart (Contractors) Limited, Ardshiel House, Empire Way, Wembley, Middlesex HA9 0NA.

KYLE STEWART

Group Treasurer —Middle East

We are a leading firm of Executive Research Consultants acting for one of the largest trading companies in the Middle East which is seeking a Group Treasurer to establish and manage the central treasury function for the Group.

The position requires expertise in control and allocation of group funds, trade and working capital financing and term financing through international capital markets. The Group Treasurer will be responsible for all relations with banks and will provide financial advice and assistance to Group companies.

The ideal candidate will be a university graduate with an accounting or banking qualification followed by five to ten years treasury experience preferably in a commercial group with a Middle East focus. International experience in trade financing is essential, plus some foreign exchange exposure. The Treasurer will have the personality, maturity and stature to be accepted by top management both within the Group and in banking circles. A knowledge of Arabic would be an advantage.

The Treasurer will be based at the Group headquarters in the Middle East and will receive a tax-free salary, discretionary incentive bonus, fully furnished housing, annual home leave and a range of fringe benefits.

For further information please write enclosing full details of career background to:

Box 2171, Gould and Portmans Limited, 55/57 High Holborn, London WC1V 6DX, England.

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ASSISTANT TRADER

to work with the head of this department, whose activities will involve, after a sufficient training period, purchases/sales in the international market.
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Experience/knowledge in coke and coal field desirable but not essential.

Salary will be commensurate with experience/ability.

Please submit your written c.v., which will be treated confidentially, to:

PHILIPP BROTHERS (HOLLAND) B.V.
Prinses Irenestraat 39
1077 WV AMSTERDAM
Attention: PERSONNEL DIRECTOR

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Candidates, aged 25 – 40, will have broad, international merchant banking experience. They will show initiative, determination and flexibility. Salaries negotiable in the range £9,000 to £15,000 (equivalent) plus free accommodation and other significant financial benefits. Additional flexibility to £20,000 for candidates with Board potential. (PW. 949)

Candidates male or female should write briefly and in confidence to the Managing Director, Executive Appointments Limited, 18 Grosvenor Street, London W1, quoting reference. No identities divulged without permission.

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OPERATIONS SUPERVISOR

We are seeking a qualified individual to supervise the establishment of an efficient Operations Department.

The minimum requirements are:

—5 years' experience in a main frame operational environment, including experience of IBM 360/370 hardware and O.S. software.

—Previous position of responsibility.

—Knowledge of data preparation, data control and work scheduling methods.

Applications should be sent to P.O. Box 23385 Safat-Kuwait before the end of working hours, Thursday 1/2/1979.

Director General

هكذا من الأجل

هكذا من الأصل

Financial Controller

In our capacity as Executive Search Consultants we have been retained by one of Saudi Arabia's major trading companies to find a Financial Controller for their subsidiary which distributes and services equipment for the construction industry and agriculture as well as cars and trucks.

Reporting to the General Manager, the successful candidate will oversee and be responsible for the total finance function. He will be expected to play a vital role in assisting the General Manager in the analysis of capital projects and the preparation of long term plans. Furthermore, he will establish separate budgeting and accounting functions in the four newly organised divisions and for the branch network.

He will ideally have had at least five years experience as divisional Financial Controller in a multinational corporation, preferably engaged in the distribution of automotive products, or as the Controller of an autonomous and substantial company. As part of our client's senior management team, the successful candidate will have a good educational background and a chartered Accountancy qualification. In addition, it is desirable that he will have spent part of his career in an overseas environment, preferably in the Middle East, and that he will have some knowledge of Arabic.

Our client is determined to attract an outstanding individual and is, therefore, offering a generous tax-free base salary and a discretionary bonus. In addition, the successful candidate will receive a range of fringe benefits including furnished housing and annual home leave.

For further information please write enclosing full details of career background to:

Box 2161, Gould and Portmans Limited,
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DEPUTY CHIEF ACCOUNTANT

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Our client, a major engineering company with an enviable growth record and part of a successful group, wish to appoint a Deputy Chief Accountant.

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The ideal candidate will be a Chartered Accountant, aged 30 to 40 with 4 to 5 years industrial experience in an engineering environment, embracing all aspects of accounting, with a bias towards Costs and Management Accounting. Applications from qualified A.C.M.A.s whose experience has been gained in an engineering assembly environment and includes 2 to 3 years financial accounting will be given equal consideration.

The company can offer first class career development, together with an attractive benefits package, including pension, free life, assisted B.U.P.A., generous sickness benefits and relocation costs where appropriate.

Would interested candidates please write or telephone for an application form to:

Bryan Greenwood,
The John Dalton Partnership Ltd.,
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Telephone Southport (0704) 38778

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Available for interview in the UK now until 20th January or at a later date by arrangement. Sound history of achievement in utilising computer systems to solve major business problems. Detailed CV available from HUGH SYMONS MANAGEMENT SERVICES, 35 Park Street, Bristol. Tel. 0272 294196 (24 hour answering).

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PA/SEC, 25ish, for senior Director, SW1 holding company. Fluent French and good English, formal skills, loads of initiative. £4,500 p.a.
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Director of private investment company requires Confidential Secretary/Personal Assistant. Varied and interesting work calling for mature personality and sense of responsibility, backed by good business experience. Salary negotiable.
For interview please ring 01-947 7866

MINING NEWS

Rustenburg to play a more cautious game

BY KENNETH MARSTON, MINING EDITOR

FOLLOWING last year's sharp recovery in the market for platinum an optimistic chairman's statement, albeit one tinged with caution, comes from Sir Albert Robinson of South Africa's **Rustenburg Platinum Holdings.**

If the current circumstances are maintained in the rest of the financial year to August 31, the company should make "good progress towards re-establishing the financial strength that was eroded so severely during the years 1975-77," he says.

Thus, "the outlook looks promising" and Sir Albert reckons that it should be possible to sustain the increased producer price for platinum of $300 per ounce which compares with only $180 at the end of last year: yesterday's free market price was $346. But the picture could change, especially in the event of a resumption of heavy sales to the West of Russian platinum.

Rustenburg has therefore decided to re-build its cash resources in order to restore flexibility to "develop an appropriate response" if the free market platinum price should fall below the producer level. Debt financing is to be reduced to a minimum and the present long-term debt of R49.4m (£28.7m) should be repaid at the end of the year to August 31, 1980.

Furthermore, if a major expansion in production is required for any specific customer it will only be done against guarantees aimed at eliminating the associated risks. And in regard to the rather uncertain future market for newly-mined platinum as a catalyst in anti-pollution devices for the automobile industry Rustenburg intends to recover by the mid-1980s its capital invested in meeting the current automobile demand.

Meanwhile, the rise in production costs is being dampened and the possibility of establishing a new more efficient base-metal refinery is being studied; nickel sales provide "a very significant" proportion of total revenue. Efforts to increase platinum demand continue and annual jewellery promotion expenditure has been raised to R4.5m.

Rustenburg thus does not intend to be caught out again by the sudden fluctuations that can occur in the platinum supply-demand picture. The price of this will be in some paring of the more optimistic dividend hopes. There should, however, still be scope for a substantial increase on the 1977-78 payment of 8 cents. The shares were 105p yesterday.

PACIFIC COPPER TIN-GOLD HOPE

Canada's Pacific Copper Mines has signed an agreement to obtain an option on an Australian tin-gold property near Jingellic in New South Wales. Drilling is to start next month with the object of proving up values to support an open-cut operation.

It is understood that the lode is traceable over half a mile and that three surface samples have given tin values of 4 lbs, 10 lbs and 12 lbs of tin per tonne respectively. Gold values reported from previous work are at a depth of approximately 70 feet.

Harmony has a good quarter

INCREASED profits for the December quarter of 1978, in line with a better average gold price of around $218 per ounce and despite lower production, are announced by the South African gold and uranium producers in the **Rand Mines group.**

Harmony shows up well thanks to a higher revenue from uranium coupled with a reduction in the tax charge which was exceptionally high in the previous three months.

The marginal **East Rand Proprietary** has made a good recovery in profits after the receipt of State aid while **Durban Deep** has also done better: the latter also received State aid in the latest quarter but in the previous three months there was a deduction for aid over-provided.

Blyvoor reports a reduced profit from uranium in addition to a lower gold output. But the effects of this on total earnings have been offset by an average gold price received of $219 against $205 in the September quarter.

The group's latest quarterly net profits after tax are compared in the following table.

	Dec. qtr. R000	Sept. qtr. R000	June qtr. R000
Blyvoor	9,138	8,393	8,215
Durban Deep	†2,239	‡1,847	†1,350
E. Rand Pty	†1,293	†678	†1,979
Harmony	15,743	10,094	12,448

† After receipt of State aid. ‡ After repayment of State aid.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals, and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Allied Colloids, Ellis and Everard, Group Investors, Hales Properties, Property Security Investment Trust, Western Board Mills.

Finals:—Gestetner, McMullen, SGB, Trident Television.

FUTURE DATES

Interims:—	
British Electric Traction	Jan. 18
Brown (John)	Jan. 26
Stoddard Holdings	Feb. 2
Wholesale Fittings	Feb. 1
Finals:—	
Adams and Gibbon	Feb. 15
Brentnall Beard	Jan. 18
Cowie (T.)	Jan. 18

MINING BRIEFS

	24 weeks to 19.12.78	20.12.77
Warrego Mine		
Ore treated (tonnes)	107,768	98,974
Copper (tonnes)	2,074	1,629
Gold (ounces)	63,234	58,228
Bismuth (kg)	508,697	357,915
Mount Morgan Mine		
Overburden (tonnes)	676,565	248,400
Ore treated (tonnes)	130,180	229,360
Copper (tonnes)	1,088	2,167
Gold (ounces)	6,105	19,010
King Island Mine		
Ore treated (tonnes)	191,060	171,707
Tungstic oxide (mtu)	108,057	108,507
Total production		
Copper (tonnes)	3,162	3,796
Gold (ounces)	69,339	77,238
Bismuth (kg)	508,697	357,915
Tungstic oxide (mtu)	108,057	108,507
Pelton and Gretley Collieries		
Production:		
Wshd. coal (tonnes)	432,702	365,770
Sales:		
Wshd. coal (tonnes)	393,519	†
Gunnedah Colliery		
Production:		
Coal (tonnes)	134,085	170,360
Sales:		
Coal (tonnes)	161,392	†

† Not reported.

CHADDESLEY NAME CHANGE

Following the merger with Greycoat Estates Investments, the directors of Chaddesley Investments propose to change the company's name to Greycoat Estates.

It is also proposed to alter the articles of association in accordance with Stock Exchange requirements.

The affairs of the company have been conducted in line with these alterations since the merger.

Improved start for Tomkinsons

The current year at Tomkinsons Carpets has started with fuller order books than at the same time last year, and directors say given national industrial peace they expect improved trading.

In their annual statement they tell shareholders that there is no doubt that until a return to consumer confidence on the home market, and greater stability in sterling, trade will not be easy.

As reported on December 1, 1978, taxable profits for the year to September 30, 1978 rose from £253,450 to £408,093 on turnover of £11.38m against £10.91m. The dividend is increased to 4.1875p (3.75p) per share.

The group's Axminster division had another difficult year but exports continued to play a significant part in the overall sales; some large orders from the U.S. have been obtained.

Measures taken to improve the tufted division's performance have been successful, the directors state, and a substantial contribution to the group's prosperity has been achieved. An encouraging start to the year has been made, they add, and they are confident the division will again trade profitably.

Steeles Carpets turned in a substantial overall profit despite a relatively poor performance from the tufted side of the business, but Mid-Wales Yarns was unable to take full advantage of the market demand—especially for its semi-worsted products—the new plant having taken longer to achieve optimum output than anticipated.

With the new management at Mid-Wales, the directors look forward to a higher level of production and profit of 1978-79.

BROADSTONE INV.

The outstanding £493,688 4½ per cent conversion unsecured loan stock 1988/93 of Broadstone Investment Trust is to be compulsorily converted on April 30.

Symonds Eng. steady at six months

Announcing pre-tax profits of £94,808 against £92,278 in the six months to September 30, 1978, the Board of Symonds Engineering Company states that, with due regard to the pressures on profit margins, it is hoped trading results for the second half will enable the company to obtain a profit level comparable with 1977-78. This is subject to the effects any national industrial disputes may have on production.

The order book is at a satisfactory level. But difficulties are still being experienced in obtaining acceptable profit margins to compensate for the ever-increasing inflationary indirect manufacturing costs while ensuring competitive prices are maintained.

Sales increased 17½ per cent to £1.04m from £883,927. In the full year, pre-tax profits stood at £192,000 (£202,000) on sales of £1.92m (£1.7m).

After tax of £49,253 (£51,500), earnings per 5p share are shown to have risen to 0.885p from 0.789p. The net interim dividend is the same at 0.425p.

UGI BUYS STOCK

United Gas Industries has purchased for cancellation £205,000 nominal of the company's 7 per cent debenture stock 1993-97 at 60⅞. Following the cancellation of this amount, there remains outstanding £508,149 of the stock.

A further £25,000 cash has been made available for further purchases at the same price of 60⅞ through the market up to and including January 26.

Rand Mines Limited

A Member of the Barlow Rand Group

Gold Mining and Colliery Company Reports for the Quarter ended 31st December, 1978

(All Companies incorporated in the Republic of South Africa).

Office of the Secretaries of the undermentioned companies in the United Kingdom: 40, Holborn Viaduct, London EC1P 1AJ.

HARMONY GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: R13 442 325 IN 26 884 650 SHARES OF 50 CENTS EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 31ST DECEMBER, 1978

OPERATING RESULTS—ALL PRODUCTS	Quarter ended 31.12.1978	Quarter ended 30.9.1978	6 months ended 31.12.1978
Gold			
Ore milled (t):	1 773 000	1 861 000	3 634 000
Gold produced (kg):	7 688	8 074	15 762
Yield (g/t):	4.34	4.34	4.34
Uranium			
Pulp treated (t):	1 248 000	1 266 000	2 514 000
Oxide produced (kg):	136 729	133 974	270 703
Yield (kg/t):	0.110	0.106	0.108
Pyrite			
Concentrate recovered (t):	20 015	22 408	42 423
Sulphuric Acid produced (t):	31 184	32 263	63 447
Total Revenue (R/t milled):	37.15	31.90	34.46
Total Costs (R/t milled):	25.00	23.22	24.09
Total Profit (R/t milled):	12.15	8.68	10.37
FINANCIAL RESULTS—All products—TOTALS IN R000's			
Revenue—Gold, Silver and Osmiridium	R47 258	R45 769	R93 027
—Uranium, Pyrite and Sulphuric Acid	R18 612	R13 603	R32 215
Total revenue	R65 870	R59 372	R125 242
Costs	R44 330	R43 208	R87 538
Working profit	R21 540	R16 164	R37 704
Sundry revenue (net)	R960	R958	R1 918
Profit before taxation and State's share of profit	R22 500	R17 122	R39 622
Taxation and State's share of profit	R6 757	R7 028	R13 785
Profit after taxation and State's share of profit	R15 743	R10 094	R25 837
Capital expenditure	R11 975	R3 182	R15 157
Dividend declared	R—	R9 947	R9 947
Loan levy	R757	R813	R1 570
Loan Levy refund (1972)	R—	R119	R119
SHAFT SINKING			
Merriespruit No. 2A Upcast Ventilation Shaft			
Advanced—metres	318	244	
Depth to date—metres	656	338	

DEVELOPMENT

Quarter ended 31.12.1978 — 11 125 metres. Quarter ended 30.9.1978 — 10 099 metres.

Reefs	Advanced on Reef Horizon Metres	Sampled Metres	Gold Value g/t	Uranium Oxide Value kg/t	Channel Width cm	Gold cm.g/t	Uranium Oxide cm.kg/t
Basal	614	454	16.1	0.380	46	740	17.48
Leader	2 212	2 068	7.0	0.311	102	712	21.84
Totals and Averages:							
Quarter ended 31.12.1978	2 826	2 522	7.8	0.226	92	717	20.81
Quarter ended 30.9.1978	2 225	1 959	7.2	0.196	106	768	20.76

These values represent actual results of sampling, no allowance having been made for any adjustments which may be necessary when the ore reserve estimates are made at the end of the financial year.

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R8 444 000 which includes R6 711 000 to the new uranium plant. The estimated total capital expenditure for the remainder of the current financial year is R19.334 million which includes R9.154 million for the new uranium plant.

GENERAL

Of the R11 975 000 capital expenditure reflected for the quarter, R8 657 000 was financed by the consumer loan for the new uranium plant.

For and on behalf of the board.
R. J. J. FOURIE, N. A. HONNET — Directors

9th January, 1979

DURBAN ROODEPOORT DEEP, LIMITED

ISSUED CAPITAL: R2 328 000 IN SHARES OF R1.00 EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 31ST DECEMBER, 1978

OPERATING RESULTS	Quarter ended 31.12.1978	Quarter ended 30.9.1978
Gold		
Ore milled (t):	514 000	576 000
Gold produced (kg):	2077.8	2332.3
Yield (g/t):	4.04	4.05
Revenue (R/t milled):	24.40	23.72
Cost (R/t milled):	22.01	20.58
Profit (R/t milled):	2.39	3.14
Revenue (R000's):	12 541	13 662
Cost (R000's):	11 310	11 855
Profit (R000's):	1 231	1 807
Pyrite		
Pyrite concentrate sold (t):	7 328	5 885
FINANCIAL RESULTS (R000's)		
Working profit—Gold	R1 231	R1 807
Working profit—Pyrite	R82	R91
Sundry revenue (net)	R138	R107
State assistance claimed/(overprovided)	R788	R(158)
Profit before taxation and State's share of profit	R2 239	R1 847
Taxation and State's share of profit	R—	R—
Profit after taxation and State's share of profit	R2 239	R1 847
Capital expenditure	R692	R521
Dividend declared	R1 163	—

DEVELOPMENT

Quarter ended 31.12.1978 — 5 221 metres. Quarter ended 30.9.1978 — 5 297 metres.

Reefs	Advanced on Reef Horizon Metres	Sampled Metres	Gold Value g/t	Channel Width cm	Gold cm.g/t
Kimberley	1 262	963	4.0	94	377
South	191	156	20.1	16	321
Main	94	66	8.6	91	779
Totals and Averages:					
Quarter ended 31.12.78	1 547	1 185	4.7	84	392
Quarter ended 30.9.78	1 697	1 419	6.0	71	424

These values represent actual results of sampling, no allowance having been made for any adjustments which were necessary when the ore reserve estimates were made at the end of the financial year.

ORE RESERVES AT 31ST DECEMBER, 1978

The ore reserves have been re-estimated as follows:

	Tons	Gold Value g/t	Stope Width cm	Gold cm.g/t
Available	1 250 000	7.0	158.8	1 108
Not available	1 200 000	8.0	128.8	1 030
Total	2 450 000	7.5	142.8	1 066

The ore reserves at 31st December, 1978 were calculated on the basis of a gold price of R5 444 per kilogram (approximately U.S.$195 per fine oz. at R1 = $1.15).

DIVIDEND

Dividend No. 110 of 50 cents per share was declared on 11th December, 1978 payable on or about 2nd February, 1979 to shareholders registered on 29th December, 1978.

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R15 000.

For and on behalf of the board.
D. T. WATT (Chairman), N. A. HONNET — Directors

8th January, 1979

BLYVOORUITZICHT GOLD MINING COMPANY, LIMITED

ISSUED CAPITAL: R6 000 000 IN 24 000 000 SHARES OF 25c EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 31ST DECEMBER, 1978

OPERATING RESULTS	Quarter ended 31.12.1978	Quarter ended 30.9.1978	6 months ended 31.12.1978
Gold			
Ore milled (t):	470 000	494 000	964 000
Gold produced (kg):	4 746.7	4 983.6	9 730.3
Yield (g/t):	10.10	10.09	10.09
Revenue (R/t milled):	61.78	57.90	59.79
Cost (R/t milled):	31.20	30.62	30.90
Profit (R/t milled):	30.58	27.28	28.89
Revenue (R000's):	29 037	28 603	57 640
Cost (R000's):	14 662	15 128	29 790
Profit (R000's):	14 375	13 475	27 850
Uranium Oxide			
Pulp treated (t):	442 888	449 368	892 256
Oxide produced (kg):	72 331	71 131	143 462
Yield (kg/t):	0.163	0.158	0.161
FINANCIAL RESULTS (R000's)			
Working Profit: Gold	R14 375	R13 475	R27 850
Working profit: Uranium oxide	R2 339	R2 984	R5 323
Sundry revenue (net):	R577	R581	R1 158
Profit before taxation and State's share of profit	R17 291	R17 040	R34 331
Taxation and State's share of profit	R8 153	R8 647	R16 800
Profit after taxation and State's share of profit	R9 138	R8 393	R17 531
Capital expenditure	R3 096	R2 175	R5 271
Dividend declared	R9 600	R—	R9 600
Loan Levy	R948	R1 001	R1 949
Loan Levy refund (1972)	R—	R357	R357

DEVELOPMENT

Quarter ended 31.12.1978 — 5 278 metres. Quarter ended 30.9.1978 — 5 368 metres.

Reef	Advanced on Reef Horizon Metres	Sampled Metres	Gold Value g/t	Uranium Oxide Value kg/t	Channel Width cm	Gold cm.g/t	Uranium Oxide cm.kg/t
Carbon Leader	76	72	122.0	1.149	12	1 464	13.79
Quarter ended 30.9.78							
Carbon Leader	107	100	102.5	0.821	12	1 230	9.85

These values represent actual results of sampling, no allowance having been made for any adjustments which may be necessary when the ore reserve estimates are made at the end of the financial year.

DIVIDEND

Dividend No. 66 of 40 cents per share was declared on 11th December, 1978 payable on or about 2nd February, 1979 to shareholders registered on 29th December, 1978.

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R1 775 000. The estimated total capital expenditure for the remainder of the current financial year is R7.0 million.

For and on behalf of the board.
D. T. WATT (Chairman), N. A. HONNET — Directors

9th January, 1979

EAST RAND PROPRIETARY MINES, LIMITED

ISSUED CAPITAL: R3 960 000 IN SHARES OF R1.00 EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 31ST DECEMBER, 1978

OPERATING RESULTS	Quarter ended 31.12.1978	Quarter ended 30.9.1978
Gold		
Ore milled (t):	495 000	493 000
Gold produced (kg):	2 557.6	2 590.2
Yield (g/t):	5.17	5.25
Revenue (R/t milled):	31.47	30.00
Cost (R/t milled):	34.51	34.51
Profit/(Loss) (R/t milled):	(3.04)	(4.51)
Revenue (R000's):	15 577	14 791
Cost (R000's):	17 081	17 015
Profit/(Loss) (R000's):	(1 504)	(2 224)
FINANCIAL RESULTS (R000's)		
Working profit/(loss): Gold	R(1 504)	R(2 224)
Sundry revenue (net)	R108	R88
State Assistance claimed	R2 747	R2 903
Profit before taxation and State's share of profit	R1 351	R767
Taxation and State's share of profit	R98	R89
Profit after taxation and State's share of profit	R1 253	R678
Capital expenditure	R1 021	R591
Dividend declared	R396	R—
Loan Levy	R14	R13

DEVELOPMENT

Quarter ended 31.12.1978 — 3 196 metres. Quarter ended 30.9.1978 — 3 105 metres.

Reefs	Advanced on Reef Horizon Metres	Sampled Metres	Gold Value g/t	Channel Width cm	Gold cm.g/t
South	17	—	—	—	—
Composite	62	45	24.6	54	1 321
Main	70	57	5.6	94	526
Main Reef Lead	—	—	—	—	—
Totals and Averages:					
Quarter ended 31.12.1978	149	102	11.5	76	877
Quarter ended 30.9.1978	257	279	10.8	78	836

These values represent actual results of sampling, no allowance having been made for any adjustments which were necessary when the ore reserve estimates were made at the end of the financial year.

ORE RESERVES AT 31ST DECEMBER, 1978

The ore reserves have been re-estimated as follows:—

	Tons	Gold Value g/t	Stope Width cm	Gold cm-g/t
Available	1 421 000	10.0	132.6	1 319
Not available	1 386 000	10.3	149.0	1 535
Total	2 807 000	10.1	140.2	1 419

The ore reserves at 31st December, 1978 were calculated on the basis of a gold price of R5 444 per kilogram (approximately U.S. $195 per fine oz. at R1 = $1.15). The values represent the calculated "in situ" value of the ore.

DIVIDEND

Dividend No. 114 of 10 cents per share was declared on 11th December, 1978 payable on or about 2nd February, 1979 to shareholders registered on 29th December, 1978.

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R405 000.

For and on behalf of the board.
D. T. WATT (Chairman), D. D. WATERMAN (Managing Director) — Directors

8th January, 1979.

WELGEDACHT EXPLORATION COMPANY, LIMITED

ISSUED CAPITAL: R4 050 813 IN SHARES OF 45 CENTS EACH

REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 31ST DECEMBER, 1978 ON THE OPERATIONS OF THE COMPANY AND ITS WHOLLY-OWNED SUBSIDIARY

OPERATING RESULTS	Quarter ended 31.12.78	Quarter ended 30.9.1978
Tons sold—metric	410 084	480 109
Working Profit—cents per ton	221.5	112.7
FINANCIAL RESULTS	R000's	R000's
Working profit	R908	R541
Net railway revenue	348	9
Net sundry revenue	57	486
PROFIT BEFORE TAXATION	R1 313	R1 036
Taxation	—	(249)
PROFIT AFTER TAXATION	R1 313	R1 285
Capital expenditure	R1 075	R1 316
Drilling and exploration (included in net sundry revenue)	—	5

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R1 177 000. The estimated total capital expenditure for the remainder of the current financial year is R1 681 000.

GENERAL

The decrease in tonnage sold is entirely attributable to a reduction in inland demand, as a result of the decreased Escom and S.A.R. requirements and seasonal factory shutdowns.

Working profit and sundry revenue were not affected by a surcharge and dividend from Richards Bay Coal Terminal Company Limited, as was the case in the September quarter.

For and on behalf of the board.
A. A. SEALEY, N. ZOLEZZI — Directors

5th January, 1979

WITBANK COLLIERY, LIMITED

ISSUED CAPITAL: R13 611 394 IN ORDINARY SHARES OF R2 EACH

REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 31ST DECEMBER, 1978 ON THE OPERATIONS OF THE COMPANY AND ITS WHOLLY-OWNED SUBSIDIARIES

OPERATING RESULTS	Quarter ended 31.12.78	Quarter ended 30.9.78
Tons sold—metric	1 612 696	1 791 585
Working profit—cents per ton	620.5	389.9
FINANCIAL RESULTS	R000's	R000's
Working profit	R10 006	R6 986
Net sundry revenue	430	1 505
PROFIT BEFORE TAXATION	R10 436	R8 491
Taxation	3 308	57
PROFIT AFTER TAXATION	R7 128	R8 434
Capital expenditure	R6 582	R10 831
Exploration expenditure included in net sundry revenue	325	150
Dividend declared	—	4 424

CAPITAL EXPENDITURE

There are commitments for capital expenditure, net of Escom funding in respect of Duvha, as follows:

	R000's
Contracted	27 140
Authorised but not contracted	25 868
Other proposed expenditure on Duvha Colliery	7 666
	R60 674

ESTIMATED CAPITAL

The estimated net capital expenditure for the remainder of the current financial year is R24 209 000.

GENERAL

The reduction in offtake by coastal power stations and cement companies together with the large number of small competitors supplying coal into the market, added to the normal low seasonal demand, affected inland coal sales adversely.

Working profit was improved by increased export pool receipts. Working profit and sundry revenue in the September quarter were affected by surcharges and dividends from Richards Bay Coal Terminal Company Limited and The Transvaal Coal Owners Association (1923) (Proprietary) Limited.

Taxation increased due to lower capital expenditure after Escom funding.

For and on behalf of the board.
A. A. SEALEY, R. B. MACGILLIVRAY — Directors

8th January, 1979

GENERAL NOTES

1. Gold development values quoted herein represent actual results of sampling, no allowance having been made for any adjustments which may be or were necessary when estimating ore reserves at the end of the respective financial years.
2. All financial figures are subject to audit.

Copies of these quarterly reports are obtainable from the United Kingdom Registrars and Transfer Agents Charter Consolidated Limited, P.O. Box No. 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.

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NORTH AMERICAN NEWS

IBM ends year on strong note

BY JOHN WYLES IN NEW YORK

Machines, the giant of the U.S. data processing industry, yesterday confirmed stock market expectations of a profits surge with a report of a 27.2 per cent rise in fourth quarter net income.

Adding to the delight in the market, which took IBM's share price to its highest level for more than five years, was the quality of the fourth quarter earnings. It was known that foreign currency gains would feature prominently in the last quarter figures, but they were less significant at $14m than had been widely expected.

In the same quarter last year currency gains amounted to $64m.

IBM's net earnings in the quarter sailed past the $1bn-mark for the first time. At $1.01bn, they were 27.2 per cent up on the same quarter in 1977 on a 27.2 per cent increase in gross income to $6.44bn. Earnings per share rose from $5.38 to $6.95.

In the full year foreign exchange gains totalled $113m compared with $28m in 1977. This helped carry the company to a 14.4 per cent increase in net earnings from $2.71bn to $3.11bn, or from $18.30 a share to $21.29 a share.

Mr. Frank T. Cary, IBM's chairman, pointed out that purchases of dat processing equipment increased s the year went on and were the highest ever in the fourth quarter. He said that purchases were expected to continue at a high level but "it should be recognised tht if the 1978 rate of growth is not sustained, a reduction in the growth of future earnings could result."

He added that gross income from rentals and services rose 11.6 per cent last year, a higher growth rate than the previous year. Despite the high level of shipments during 1978, the year-end backlog wsa higher thn at the end of 1977.

Last month, IBM excited investors by announcing a dividend increase which would take its total annual pay out rate to $2bn. At the same time, the board proposed a four-for-one stock split which has helped to fuel the recent increase in its shares above the $310 mark.

U.S. airlines still booming

BY OUR NEW YORK STAFF

ALL BUT one of the U.S. leading airlines will soon be issuing reports of record earnings for 1978, when discount fares and a close to 18 per cent surge in traffic looks likely to have boosted the airlines' aggregate net income by more than 60 per cent.

After setting a net income record of $610m in 1977, the airlines flew into a much more profitable bonanza last year than any had anticipated. A climate of increasing competition and fare-cutting coincided with a resurgence of demand for air travel, and this appears to have yielded aggregate earnings that have crashed through the $1bn barrier.

Since total seat capacity was increased by only about 6 per cent, the traffic surge has brought significantly full airplanes as measured by the passenger load factor. Thus preliminary figures from Pan American point to a 6.5 per cent increase in its load factor to 61.2 per cent with a 20.1 per cent climb in revenue passenger miles (the basic measurement of traffic volume). The industry's largest carrier, United Air Lines, enjoyed a 24.1 per cent increase in revenue passenger miles and 3.7 pr cent increase in load factor to 63.7 per cent.

Comparable figures for passenger miles and load factor increases at American Airlines were 17.7 per cent and 63.7 per cent (up 4.8 per cent), at National Airlines 27 per cent and 57 per cent (up 9 per cent), and at Eastern Airlines 22.7 per cent and 64.5 per cent (up 8.4 per cent). Only North West Airlines, badly hit by a pilots' strike between April and August, has suffered a drop in traffic and earnings.

Although discount fares have tended to reduce the cash yield from each passenger carried, earnings have been significantly boosted by fuller aircraft and productivity improvements. A number of airlines increased the seating capacity of their aircraft while at the same time retirng older, less fuel efficient airplanes in nticipation of pending tighter federl noise stndards.

Profitability has also been helped by the fact that deliveries of new aircraft were minimal last year although number of airlines—United, Delta, Eastern nd Americn—placed very large orders for new designs from Boeing and Airbus Industrie of France, to be delivered in the next few years.

Airline stocks were among the star performers in the stock market last year, and the group as a whole gained close to 30 per cent in value in comparison to a 1.06 per cent gain by the Standard and Poor's index of 500 companies.

Analysts are expecting profit rises of more than 80 per cent from Eastern, more than 50 per cent from American, more than 300 per cent from United, thanks to heavy tax credits, more than 60 per cent from Trans World and more than 80 per cent from Pan Am.

The 1979 forecast is for a much more modest traffic growth of under 10 per cent and an aggregate decline in airlines' earnings by up to 40 per cent. Earnings will definitely be affected by the oil price rise, increases in labour costs and a possible economic recession in the U.S.

Higher sales at Peugeot-Citroen

BY TERRY DODSWORTH IN PARIS

THE PSA Peugeot-Citroen motor group has rounded off 1978 with figures showing an all-round improvement in its manufacturing performance, along with a significant advance at Chrysler Europe, its newly-acquired subsidiary.

The biggest advance has been achieved by the Automobiles Peugeot division, the architect of the group following its take-over of Citroen in 1974. Last year, Peugeot achieved a 15 per cent improvement in turnover, compared with 1977, to about FFr 21.5bn ($5bn), and pushed up its car production (excluding kits) by 10 per cent to 861,000 vehicles.

Although Citroen's vehicle output did not increase as swiftly—it was up by 3.2 per cent to 690,500 cars—there was every indication that it would also show a healthy rise in turnover, since there was a positive move in sales during the year towards its more expensive models.

At the same time, Chrysler Europe, which embraces production units in F rance, the UK, and Spain, increased its output by 40,000 vehicles, to a total of 815,000.

PSA has already stated that Chrysler will make a loss for 1978, but its turnover went up to almost FFr 19bn ($4.4bn), against FFr 15.8bn in the previous year.

Most of Automobiles Peugeot's improvement has been achieved in export markets. Whereas registrations in France (where it had 18 per cent of the market) took up half of its production, sales overseas went up by 7 per cent to 430,000 vehicles.

The company's best-selling model was its long-established 504, with an output of 300,000 units. But production of its newest vehicle, the 305, also grew rapidly, reaching a weekly output of 1,000 a day and a total production for the year of 170,000. Diesel cars represented 18.3 per cent of production.

Dana in $117m link

By Our New York Staff

DANA CORPORATION, one of the largest U.S. supplires to the motor industry, has proposed a $117m takeover of Wix Corporation, a Canadian manufacturer of oil and fuel filters.

A joint announcement from the two companies yesterday said that Dana had proposed purchasing up to 45 per cent of Wix's outstanding common stock for $39 a share. The balance would be acquired through an exchange of stock based on 1.3 shares of Dana's common for one of Wix.

Wix would operate as a separate unit of Dana under its present management and name. The Canadian company's management was said to be evaluating the proposal and planned to call a board meeting shortly to discuss it.

In the first nine months of last year, Wix's sales amounted to C$9.76m and its net income to C$283.000.

CPI may drop MacMillan bid

BY ROBERT GIBBENS IN MONTREAL

THE CANADIAN pulp and paper industry expects Canadian Pacific Investments (CPI) to withdraw its offer of C$28 a share cash or one CPI convertible preferred for each share of MacMillan Bloedel of Vancouver, Canada's largest forest products company.

Te bid, made in response to bid and counter-bid between Domtar, and MacMillan would increase CPI's holding in MacMillan from the present 13.4 per cent to more than 51 per cent if it went through. Domtar is a major pulp and paper, building materials and chemicals group based in Montreal.

Mr. Ian Sinclair, chairman of CPI, the non-transportation holding company of the Canadian Pacific group, was back in Montreal from Vancouver yesterday. The CPI directors will meet to-morrow to discuss the situation.

Industry sources believe CPI is likely to withdraw its bid because of the opposition of the British Columbia Government and the statement on Friday from the MacMillan Board opposing CPI.

Mr. Sinclair and Mr. William Moodie, the CPI president, were present at the MacMillan Board meeting which decided to oppose further acquisition of stock by CPI but abstained from voting.

The situation as it now stands is that MacMillan's largest single stockholder is still CPI, while MacMillan holds the controlling 19 per cent block of Domtar after acquiring it before Christmas from Argus, the big Toronto holding company.

Dutch insurer increases net earnings by 15%

BY CHARLES BATCHELOR IN AMSTERDAM

AMFAS, the Dutch insurance group, reports a 15 per cent rise in net profit on turnover 18 per cent higher. The company said 1978 was a prosperous year.

Profits rose to around Fl 34m ($17m) from Fl 29.4m in 1977, according to the company's provisional accounts. Turnover increased to Fl 1.18bn ($590m) from Fl 1bn with 3 per cent of this accounted for by the consolidation of two financing companies, Welvaert and Alcredima.

AMFAS increased its holding in Welvaert to 100 per cent from 50 per cent by the purchase of the shares previously held by the trading and construction group, Ogem. Profits per share rose by about 13 per cent to Fl 17.30.

Total premium income increased nearly 12 per cent to Fl 750m. Non-life premium income increased more rapidly, rising 15 per cent to Fl 368m while life premium income rose 8.5 per cent to Fl 382m. Income from other activities and investment rose 31 per cent to Fl 435m.

Profits on life insurance business were again "favourable," while the none-life result was slightly higher than in 1977. An "important" increase in the result of non-insurance activities, is reported. Amfas' capital and reserves rose Fl 53m to Fl 380m.

Sharp increase in fourth quarter earnings at NCR

BY STEWART FLEMING IN NEW YORK

NCR, THE sixth largest U.S. computer manufacturer, yesterday reported buoyant fourth quarter earnings, confirming the marked improvement in its performance over the past three years.

Analysts consider that the company is now seeing the fruits of a fundamental and, for a time, painful shift in long-term strategy set in motion earlier in the decade. This involved, among other things, reorientating its operations away from mechanical computing equipment (the company was formerly known as National Cash Register) and developing electro-mechanical equipment based on the rapid technological advances of micro-electronics.

NCR's fourth quarter earnings rose to $89.9m, equivalent to $3.34 a share, compared with $54.6m or $2.03 a share in the same period of last year.. For the full year, earnings hit $193.7m or $7.22 a share, compared with $120.6m or $4.50 a share.

Sales revenues rose from $2.3bn to $2.6bn from continued operations.

During the year NCR sold its paper company, Appleton Papers, to the British firm of BAT Industries for $280m. This has brought into the full year's results an extraordinary gain of $110.4m, making the final net income $318m or $11.85 a share.

Excluding the extraordinary item, NCR's earnings are nevertheless well ahead of the $6.40 a share which some analysts had been predicting. In parts, this reflects the tighter control of inventary in the company and its improving financial situation as well as a strong order book.

Mr. William S. Anderson, the company chairman, said yesterday that incoming equipment orders set new records in the fourth quarter and were substantially higher in both the quarter and the year compared with 1977.

NCR is particularly strong in supplying data processing equipment to the financial and retail markets around the world, both of which have been rapidly expanding their use of computer based terminals.

Mr. Anderson said that with the company's strong incoming order position and the planned introduction of additional new products in 1979, the company is anticipating growth across its entire product line.

NCR's shares opened strongly yesterday, rising $2½ to $88½ on the news.

Texas bank optimistic

HOUSTON — Texas Commerce Bancshares expects earnings for the fourth quarter of $18mor $1.24 a share, up about 26 per cent from $14m in the prior year, Mr. Ben F. Love, the chairman and chief executive said.

For the year, Texas Commerce expects to report earnings of $64m or $4.70 a share up about 25 per cent from $51.3m in 1977.

The increases are due primarily to a 28 per cent growth in loans in 1978.

AP-DJ

Gotaas-Larsen to cancel order for LNG carrier

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

GOTAAS-LARSEN, the shipping subsidiary of IU International of the U.S., has cancelled a contract for a $200m liquefied natural gas carrier and announced other measures to curtail tanker losses.

Mr. Joh nS. Seabrook, chairman of IU, which also has interests in land, road haulage, utilities and agriculture, said the measures would reduce the corporation's reported earnings by $56m in 1978.

This, it is estimated, will reduce post-tax earnings to around $10m for the year.

The cancelled gas tanker contract is with Kawasaki Heavy Industries of Japan and is accompanied by deferment for four years of a second LNG carrier. Gotaas-Larsen expects to pay a cancellation charge $26m.

Negotiations are also under way fo ra further reduction of the company's seven-strong crude oil tanker fleet. Two large tankers in which Gotaas-Larsen had a stake were sold last year, along with seven small wholly-owned vessels.

The company said its decision on the gas tankers had been prompted by the situation in Iran, which has disrupted gas export plans. In addition, the U.S. Government had recently decided against two large import projects.

Mr. Seabrook said that 1979 was expected to be a good year, in spite of uncertainties in the trucking sector caused by the impending re-negotiation of the pay contract with the Teamsters' Union.

Detroit Edison refund

Detroit Edison plans to refund $19.3m to its customers over a 12-month period beginning February 1 through credits to current fuel clause billings, AP-DJ reports from Detroit. The refund, which would be 26 cents a month for the average residential customer if Approved by the Michigan Public Service Commission, is the result of the incorrect conversion of Canadian dollars to U.S. currency while paying/for about $350m of fuel oil purchased from a Canadian supplier for use in Detroit Edison power plants during the period 1974-79.

EUROBONDS

Dollar sector more active

By Francis Ghilès

INTERNATIONAL bond markets were more active than usual for a Monday, especially in the dollar sector. Prices of straight issues put on ¼ of a point on average in active two-notes continued firm. The new way trading, while floating rate issue for Pemex started trading at 97¾-98¾.

In the Deutsche-Mark sector, the mood was more subdued with prices of some issues a shade easier. The issue for Denmark was priecd: the seven-year tranche, which carries a coupon of 5¾ per cent, was priced at 99¾ to yield 5.83 per cent, while the 10-year tranche, which carries a coupon of 6¼ per cent, was priced at 99¾ to yield 6.35 per cent.

Two private placings for Austrian borrowers are currently being arranged in the Deutsche-Mark sector of the bond market: one for the Republic of Austria, the other for Oesterreichische Kontrollbank. The coupon of this DM40m bullet for OKB is expected later today.

The Republic of Austria has arranged a DM100m 10 year private placing through a group of banks led by Dresdner. The two co-lead managers are Oesterreichische Landerbank and Kuwait Investment Company. Over half the bonds are understood to have been placed directly with investors in the Middle East.

Finanz to pay same again

BY JOHN WICKS IN ZURICH

FINANZ AG, the Zurich-based Credit Suisse affiliate specialising in non-recourse export financing, is to pay an unchanged dividend of 10 per cent for 1978 after a rise in gross earnings from SwFr3.7m, to SwFr3.9m and a net-profit increase from SwFr 2m to SwFr 210m (£1.25m). The company's balance-sheet total rose from SwFr 210m to SwFr 218m ($130m) over the year, with the commitment to forfait transactions falling from SwFr 134m to SwFr 104m.

The activities of Finanz AG extended to cover more than 30 countries last year and the company states that "sooner or later, forfaiting transactions with China are to be expected as the country now begins to seek Western financing for its imports."

The company's chairman, Mr. Charles J. Gmuer, expressed the board's confidence that the 10 per cent dividend will be maintained this year. With regard to new activities in the field of compensation transactions, Mr. Gmuer said that Finanz AG was attempting to create contacts in this sector. However, probably no more than five out of every hundred enquiries on compensation possibilities with east-bloc countries were finally realised.

Takeover mood at L'Oreal

PARIS—Societe l'Oreal, the major French cosmetics company, has denied French reports that it is negotiating the acquisition of Helena Rubinstein Inc. The company conceded, however, that the U.S. company was "among several others currently under study," but declined to elaborate. L'Oreal's name has been linked with that of Colgate-Palmolive.

AP-DJ

Lloyds Bank Group now in Pittsburgh

Lloyds Bank International, the international bank in the Lloyds Bank Group, are pleased to announce the opening of their Branch in Pittsburgh.

Vice-President and Manager: Mr. B. R. MacIlwaine, 59th Floor, 600 Grant Street, Pittsburgh, Pennsylvania, 15219, U.S.A. Telephone: (412) 288-1800 Telex: 866202.

The new Branch is an important addition to the Group's established presence in New York, California, Chicago, Houston and Miami. The Branch is able to provide all international banking services, and will be responsible for the maintenance and development of all aspects of the business of the Lloyds Bank Group in Pennsylvania, Ohio, West Virginia, Virginia, Maryland and the District of Columbia. The new Branch will contribute to, and participate in, the growth of Pittsburgh as a regional international finance centre and will offer its services, especially in the field of international trade, to the business community in the area.

The Lloyds Bank Group already has Branches and offices throughout Latin America and Western Europe in addition to a strong presence in the Middle East and the Pacific Basin.

LLOYDS BANK INTERNATIONAL

A member of the Lloyds Bank Group

Head Office: 40/66 Queen Victoria Street, London EC4P 4EL. Tel: 01-248 9822.

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AMC'S LINK WITH RENAULT

The missing ingredient

BY JOHN WYLES IN NEW YORK

MR. GERALD MYERS, the 50-year-old chairman of American Motors radiates an unflagging public optimism. This often seems to relegate his company's clear and evident problems to the status of minor irritations.

Mr. Myers was in his element last Wednesday, delivering a beaming and widely televised announcement that AMC and Renault of France had reached final agreement on a new development in international automotive co-operation. But the final package fell short of earlier hopes, offering less of a remedy for AMC's problems than seemed likely when the companies made their agreement in principle nine months before.

Urging celebrations of an event "that will make automotive history," Mr. Myers glossed over the absence of one ingredient which might have justified the hyperbole of Wednesday's press conference. Instead of a categoric plan, signposted last March, to produce Renault's R18 saloon car at an AMC plant next year, the two companies produced a much more ambiguous undertaking to consider building "a totally new series" of Renault cars in the U.S. from 1982 or 1983. The delay removes for the time being any prospect of Renault investment in AMC's manufacturing capability, and leaves the American company with 50 per cent excess capacity at its heavy loss-making car plant at Kenosha, Wisconsin.

As a result, the agreement creates a relationship which is not substantially different from that between Chrysler and Mitsubishi of Japan, except that Chrysler, which distributes Mitsubishi vehicles in the U.S., also has a small equity stake in the Japanese company. In outline, AMC and Renault have agreed:

- To distribute Renault's R5 through AMC's 2,400 dealers and to add the R18 to the range next year.
- To distribute AMC's Jeep utility vehicle through Renault dealers in Colombia, South America this year, and in France and other foreign markets next year.
- To work together on adapting Renault's new designs for the 1980s so that they can be manufactured in the U.S.

American Motors described the agreement reached this week with Renault as an event that "will make automotive history." But the package falls short of initial intimations in certain crucial areas

Looking at the agreement over the next three or four years, there seems little doubt where the initial balance of advantage seems to lie. For Renault, it represents a magnificent opportunity to break out of its lowly 20th position in the importer's league table in the U.S. and to achieve a sales volume more commensurate with its standing as the world's sixth or seventh largest auto producer. Access to 2,400 dealers, in addition to its existing 400, will give it a larger distribution system than any other importer, more than double the number of dealerships of Toyota, Datsun and Volkswagen. By the end of this year, it expects 800 AMC dealers to be ready to sell and service Renault cars and is looking to double last year's total sale of 16,000.

But a well organised and effective clutch of dealers does not offer full insurance against the still uncertain fortunes of the dollar, whose decline over the last six years has consistently forced up import car prices. Now, however, Renault has first option on the use of AMC's production facilities should a combination of a sliding dollar and evidence of a strong and growing demand for Renault cars justify U.S. assembly.

The decision not to go ahead with local assembly of the R18 next year reflects considerable caution on Renault's part.

It is not anxious to become enmeshed in AMC's extremely weak passenger car operation, which may be losing as much as $1m a week and to risk a financial exposure which might prove difficult to limit.

Renault sources indicate that another powerful reason for deferring local assembly was a study, completed last September, which revealed that something like 200,000 R18s a year would have to be sold for the venture to break even. In addition sourcing local components would have been more costly than anticipated and the delicate question of financing retooling at Kenosha would have to be addressed.

Hence the decision to stand pat, review the achievements of the greatly expanded dealer network and to locate up to 100 engineers in Detroit, working with AMC on adapting Renault's designs for possible local assembly.

By 1982, Renault would then be in a position to decide on a U.S. manufacturing operation and also to take advantage of any developments affecting AMC's car operation. Mr. Myers and his colleagues gave the impression on Wednesday that AMC's commitment to passenger cars is cast in concrete, as they always do. But within Renault there are doubts that the American company can maintain this commitment, unless the sales slump which has cut AMC's market share to less than 2 per cent is reversed. The car business is being sustained by the highly profitable boom in demand for the AMC Jeep utility vehicle which was the bedrock of the company's $36.4m net profit in the 1978 fiscal year.

AMC believes that the presence of Renault cars in the showrooms will increase customer traffic and boost demand for its own three passenger car models. As the importer and distributor it should also earn some revenue, possibly between $3m and $6m next year from Renault's U.S. sales. But if an economic recession were to hit Jeep sales then the company's problems in financing a model range for the early 1980s could be critical. The extent of the financing problem is highlighted by an application for $100m of U.S. Government loan guarantees.

Mr. Myers' public conviction that AMC can go it alone is, however, unwavering. He has plans to boost Jeep production from 200,000 units this year so as to supply Renault abroad and enable AMC to mine more deeply the gold whch he says "is in them thar hills." AMC is going to need a lot of luck and for the time being, the French connection will be no saviour.

Norwegian shipping companies show steady progress

BY FAY GJESTER IN NORWAY

TWO LEADING Norwegian shipping groups report surprisingly useful results for 1978, despite the continuing shipping crisis. Wilh. Wilhelmsen, Norway's largest shipping company, says that operating profits, including financial income, reached just under NKr 400m ($79.6m), while Leif Hoegh reports profits of NKr 355m before deprecation.

The Wilhelmsen results are nearly enough to cover capital costs and ordinary depreciation and interest payments which, owing to heavy investments, reached a record level last year. Profits for 1977 were NKr 334.5m. Gross freight earnings in 1978 totalled NKr 2.1bn—about 10 per cent up.

Profits were better than expected during the first nine months of the year, but this was offset by a poor final quarter, so that results for the year were about in line with the group's forecasts. Ship-owner Wilhelmsen says that in view of market conditions generally, the year was "relatively satisfactory" for the group. If the high level of investment in recent years is considered, however, profits were inadequate.

Liner operations were fairly satisfactory, except for services to the Middle East, where rates remain depressed. The group reduced its tanker fleet, selling four large vessels during the year, but plans to keep its two newest tankers—of 286,000 and 284,000 tons dwt. In the offshore sector, two of Wilhelmsen's rigs are working, and one is laid up. In dry-cargo charters of up to two years were concluded for a couple of Wilhelmsen's bulkers.

Leif Hoegh foresees profits before depreciation of NKr 355m for 1978, NKr 57m up on a year earlier. The temporary improvement in tank and bulk rates during the second half of the year accounted for much of the increase. Net freight income rose to NKr 2bn from NKr 1.8bn. The return on capital—profit, before depreciation, in relation to the fleet's purchase price—fell last year, however, to 10.5 per cent from 12 per cent in 1977. The fall mainly reflected the fact that gas tankers last year accounted for a larger part of the fleet's total value. Three Hoegh gas tankers are currently laid up, one for charterers' account.

The group attributes its good results to its wide spread of interests. It still has a number of profitable transport contracts for which it is using ships' charters very reasonably from other companies, while many of Hoegh's own ships are chartered out at profitable rates. Liner activities also represent a stable income source.

Hoegh has 10 new ships on order—five for delivery this year, three next year and two in 1981—representing a total investment of NKr 1.33bn. Nine ships were sold from the company's fleet during the year, one of them for scrapping.

Peak sales at Wienerwald

BY JOHN WICKS IN ZURICH

TURNOVER of the Swiss-based catering company Wienerwald Holding AG, reached a record SwFr 902m in 1978 compared with SwFr 652m. The increase (of more than 38 per cent) followed a rise of over 20 per cent in the previous year. The bulk of group sales came from the "Wienerwald" Viennese-style restaurant chain. The group—with 849 operations, the biggest of its kind in Europe—owns "Tourotel" hotels in a number of countries.

Wienerwald is currently active in 13 different countries belonging to four continents. Its labour force amounts to 16,00 worldwide, including about 4,500 in the U.S. By the second half of this year the group, owned by the Swiss restaurateur Friedrich Jahn, hopes to expand its chain to include a total of 1,000 operations.

INTERNATIONAL CAPITAL MARKETS

Growth of FRNs

BY MARY CAMPBELL

THE GROWTH in importance of floating rate notes (FRNs) was one of the most striking features of the international capital markets last year. At a time when the new issue volume of dollar bonds generally fell sharply, that of FRNs rose yet again.

At the same time, the volume of floating rate certificates of deposit (CDs) outstanding has mushroomed—to between $3bn and $4bn, dealers now estimate, up from perhaps $1bn a year ago. However, with a few exceptions, the issuing of floating rate CDs remains a speciality of those Japanese banks which are forbidden by Japanese domestic regulations to issue floating rate notes.

The FRN market has taken off since 1975. There were 14 issues worth a total of $540m between 1970-74. There were £320m-worth in 1975, $1.1bn-worth of 1976, $1.7bn in 1977 and about $2½bn-worth last year.

In 1976 FRNs accounted for about 12 per cent of total dollar denominated Eurobonds; in 1978 for about a third, and in the second half of last year for over 40 per cent.

Logic of matching

The vast majority of issues have been by international banks seeking dollar denominated capital on which to base their international lending. Their loans earned interest at a floating rtae—a rate tied to the same base rate as that on FRNs. The logic of matching floating rate loans with floating rate funding has attracted about 80 bank issues in the last three years.

The other important group of borrowers are those who have issued FRNs as an alternative to raising medium-term floating rate Eurocurrency bank loans. These FRNs tend to be placed with smaller banks who cannot commit the large sums required for participation in syndicated loans. Often these borrowers also hope than an issue of FRNs may prove a stepping stone to placing fixed rate bond issues with international investors.

Companies have not been significant issuers of FRNs. They place a higher premium on being able to predict the cost of their funds—even if fixed rate funds turn out to be more expensive than floating rate funds in the long term. Further, their long-term funding needs are usually less chronic than those of governments, which means they can often wait for rates to move well below the peak of the interest rate cycle before tapping the capital market.

Last year's sharp increase in the relative importance of FRNs on the new issue side of the market was accompanied by another change of potentially greater significance for its long term future. This was the development of institutional interest in FRNs. Traditionally, the heaviest investors were commercial banks, who held them in their money market portfolios as an alternative to, say, certificates of deposit (CDs). Institutional investors, by contrast, tended to stick to fixed rate investments.

Although a few dealers maintain that institutional investors have always been important in FRNs, most agree that last year's rising interest rate expectations made them much more interested.

FRNs reportedly became more attractive to institutional investors last year partly because they offered a hedge against capital loss in a period of rising interest rates and moved above bond yields in the autumn, their yield became very attractive in absolute terms compared with straight bonds. The new Bank für Gemeinwirtschaft FRN for example, currently yields some 12.6 per cent, which compares with 9.8 per cent on the most recent straight bond issue (for the ECSC).

This analysis begs the question of why interest in FRNs did not develop in past periods of rising dollar rates. The fact is that the bedrock of top quality bank issues did not exist. Further, the prejudice against long-term floating rate instruments was still much more widespread in 1973-4. The ravages of inflation since then have forced a much wider range of borrowers and investors/lenders to accept floating rates as a fact of life.

Finally the institutional structure of the market has become fully established only in the last three years.

One major market maker claims that he now does 90 per cent of his trading with institutional investors, up from about 50 per cent a year ago. This experience is cetrainly exceptional, but most have detected a significant switch.

This has happened simultaneously with a big increase in the volume of trading. One dealer says that in recent months he has occasionally turned over as much in a day as he would have done in a whole month before the beginning of 1978.

Ever-present worry

The ever-present worry hanging over the market is whether the bottom will fall out of it at any stage. FRNs have been sold on the basis, first, that they protect capital better than straight bond investments, and second that they have better marketability. In practice, however, they have generally been placed with money market departments—and are doubtless viewed by most holders as an alternative to bank deposits or certificates of deposit rather than as an alternative to fixed rate bonds.

The history of the FRN secondary market certainly suggests that significant capital losses are unlikely, provided investors can choose their moment to sell within a six-month time span.

But by comparison with money-market instruments, dealing sizes are small—an average of about $250,000 (compared with several million in CDs) and a maximum, depending on the issue, of perhaps $3m or $4m. (This is of course very big by the standards of the straight bond market where average transactions are perhaps $50,000.)

Major market makers maintain that they will at all times be prepared to buy several million dollars worth of FRNs from their customers, even if they have to hold it in portfolio.

But it is impossible to say whether this commitment would be maintained in conditions of a general sell-off.

At any rate, some buyers of FRNs have been sufficiently nervous about price and marketability to insist that the dealer selling them the bonds guarantees to buy them back.

Moslem profit sharing bonds plan

A NEW means of financing long-term projects without conflicting with devout moslems' aversion to usury and interest is being developed by a group of financial institutions in Jordan and may have major international implications if successful, particularly throughout the Islamic states of the world.

Two new Jordanian banking groups are working on the scheme to float "income bonds" to finance projects being built by the country's Ministry of Islamic Endowments and religious affairs. The two institutions pioneering these bonds are the Jordan Islamic Bank, which is on the verge of opening its doors, and the Arab Finance Corporation (Jordan), a member of the Arab Finance Group, which has its first meeting of shareholders on January 25, prior to opening for business in early February.

The income bonds would not pay any guaranteed or fixed interest to investors; rather, holders of the bonds would take a percentage of the profits of the project that the bonds are financing, in this case a large commercial centre in the Jordanian capital of Amman.

The income bonds idea was discussed at a meeting here of the two new banks, the visiting president of the Jeddah-based Islamic Development Bank, the Jordanian Central Bank Governor and the Jordanian Minister of Finance, all of whom approved the idea and asked the Jordanian Government to prepare the legal background for the bonds to be floated in coming months. Banking sources involved in the project said that an initial bond issue of between JD3m and JD4m (about $10-14m) would be floated and jointly underwritten by the Jordan Islamic Bank and the Arab Finance Corporation (Jordan) in April or May.

The sources said that feasibility studies for the income bonds indicated that an investor would make slightly more than the 8 per cent guaranteed interest now available with the Jordanian Government's 10-year Development Bonds, though this would, of course, ultimately depend on the profitability of the projects being financed. The bonds are envisaged as being issued with 10-year lifespans with a two-year grace period, which would cover the construction phase of the project.

Welcome by ANZ for inquiry into financial markets

BY JAMES FORTH IN SYDNEY

AN INQUIRY into the Australian capital market would be welcomed by Australia and New Zeaoland Bank Sir Ian McLennan, the ANZ chairman, told shareholders at the annual meeting in Melbourne yesterday. The Australian Government has indicated that an inquiry will be held soon, but has yet to announce its scope. Sir Ian told shareholders that an inquiry would provide a forum for a wide-ranging, objective assessment of the role of banks relative to that of competing financial institutions, particularly building societies.

It could also examine whether any case existed for a more direct role by foreign banks in Australia or for limitations on some of the freedom they already enjoyed in their substantial indirect penetration of finacial markets.

Sir Ian said that the main reason the bank found it difficult to obtain an adequate return from traditional branch banking in Australia was the system which had grown up over the years, whereby banks bore a disproportionate share of the burden of official monetary controls.

"Our bank believes that it is a matter for concern that higher cost, and in some cases less efficient financial institutions are making continual inroads into markets traditionally occupied by banks," he added.

Sir Ian said that it was too early in the financial year to forecast results with any certainty. In particular, interest rates would be under pressure as lending rates continued "to attract official notice as an implement of policy."

But there remained prospects for expansion and further efficiences at home and abroad, and the Board believed that there were good grounds, subject to unforeseen adverse economic factors, to expect another satisfactory result in the year ahead.

There were a number of encouraging trends in Australia. Despite an indifferent start to 1978-79 there seemed likely to be reasonable growth in the economy, perhaps 3 per cent in real terms over the year. There was increasing buoyancy in consumer spending, and motor vehicle registrations had shown growth. Retail sales appeared to have benefited from a busy Christmas period and private investment seemed likely to be stronger over the remainder of 1978-79.

Sir Ian also stressed the need for Australia's international competitiveness to be restored, and said that the recent increase of 4 per cent in the national wage case was more than the economy could safely absorb.

He said it was imperative to attract overseas capital to offset the present adverse balance of trade and traditional deficit on invisible items. The longer terms prospects for capital inflow seemed encouraging but, with Australia's interest rate structures temporarily out of line with other major world centres, the rate of inflow might be slowed in the short term.

In the UK the substantial rise in sterling interest rates had lifted lending rates to a range between 13.5 per cent and 16.5 per cent. If this continued the profitability of ANZ's London operations might be enhanced by the restoration of more *appropriate margins.*

Australia clears way for currency futures market

BY OUR SYDNEY CORRESPONDENT

THE Australian Government has cleared the way for the establishment of a currency futures market. However, the market will be restricted, with non-residents unable to trade and residents unable to undertake arbitrage transactions in overseas markets. While this restricts considerably the scope of a currency futures market, it represents a further relaxation of the tight controls under existing exchange control policy.

The Government does not allow a foreign exchange market to operate in Australia. *The parity of the Australian* dollar is set daily by the Reserve Bank, the Treasury and the Prime Minister's Department, using a basket of currencies, weighted by trade.

The Government has for some time been studying proposals for foreign exchange relaxations, including one from the trading banks and a submission from the Sydney Futures Exchange (SFE) regarding a currency futures market.

The SFE originally proposed a currency futures market in 1972 but the Government of the day declared that it would "not look with favour" on such a move.

The Federal Treasurer, Mr. John Howard, has now written to the SFE stating that that Government had no objection to the establishment of currency futures trading facilities provided they conformed with existing exchange control policy. The SFE is considering trading in four currencies, the U.S. dollar, the Deutsche Mark, *Sterling and the Yen, but* contracts would have to be settled in terms of Australian dollars.

Mr. Howard said that while there had been no alteration to existing exchange control policy, the Government took the view that it was no longer appropriate to maintain the stance of the previous Government that it would not look with favour upon the establishment of currency futures trading facilities.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on January 15

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
...ja Akt. 9¼ 88	25	94⅛	94⅝	+0⅛	+0¼	10.17
...ustralia 8.45 83	175	95⅛	95⅝	+0⅛	0	9.83
...ustralia 9¼ 83	75	97	97½	−0½	−0¼	9.70
...atrice Foods 7¾ 83	100	93⅛	93⅝	+0⅛	+0⅛	9.65
...ECA 9¼ 87	50	94½	95¼	+0¼	+0⅛	9.66
...ECA 9 93	25	96	96½	+0⅛	+0⅛	9.48
...ECA 9¼ 98	25	96	96½	+0⅛	+0¼	9.44
...ECA 9¼ 84-99	50	96⅛	96⅝	+0⅛	+0⅛	9.78
...NT 9 93	75	94⅛	93⅝	+0⅛	+0⅛	9.71
...anada 9 83	250	93⅞	94⅛	0	0	9.98
...anada 8.20 85	250	92⅞	93⅜	0	+0⅛	9.84
...anada 9 83	400	97⅛	97⅝	−0⅛	+0⅛	9.86
...anada 9¼ 98	350	97½	98	−0⅛	−0⅛	9.73
...anadair 9½ 83	70	94⅛	94⅝	+0⅛	+0⅛	10.11
...ominion Bridge 9 88	25	94½	95	+0⅛	+1	10.02
...IB 9¼ 98	125	95⅛	95⅝	−0⅛	−0⅛	9.88
...xportfinans 9 88	50	95⅜	95⅞	+0⅛	+0⅛	9.82
...inland 8⅞ 83	100	95⅞	96⅜	+0⅛	+0⅛	10.09
...inland 9 88	100	94⅞	95⅜	+0⅛	−0⅛	10.07
...ospital O/S 9 83	25	96⅝	97⅛	+0⅛	+0⅛	9.84
...tel Finance 9¼ 90	30	92⅛	92⅝	+0⅛	+0⅛	10.92
...C. Penney 8½ 83	100	95	95½	+0⅛	+0⅛	9.82
...IZ Dev. Fin. 8⅝ 83	20	93⅞	94⅜	+0⅛	+0⅛	9.81
...IZ Dev. Fin. 8¾ 85	20	93⅜	94⅛	+0⅛	+0⅛	9.89
...at. West. 9 86	75	96⅝	97⅛	+0⅛	+0⅛	9.59
...ewfoundland 9¾ 90	50	96⅛	96⅝	+0⅛	+0⅛	9.78
...ord Inv. Bk. 8⅝ 88	25	95⅜	95⅞	+0⅛	+0⅛	9.48
...orges Komm. 9¼ 98	75	95⅛	95⅝	+0⅛	−0⅛	9.84
...orsk Hydro 9¾ 94	50	96	96½	+0⅛	+0⅛	9.74
...orway 7⅞ 83	250	92⅞	93⅜	+0⅛	+0⅛	9.93
...orway 8¾ 83	150	†96	96⅝	−0⅛	0	10.01
...ccidental 8⅞ 85	75	92⅛	92⅝	+0⅛	+0⅛	10.56
...nt. Hydro 8½ 85	125	93⅜	94⅛	+0⅛	+0⅛	9.82
...uebec Hydro 9½ 83	50	96⅝	97⅛	+0⅛	+0⅛	9.88
...weden 9¼ 98	125	96⅝	97⅛	0	−1	9.84
...JK 8½ 83	200	94⅞	95⅜	+0⅛	+0⅛	9.80
...JK 8⅞ 93	150	95⅜	96⅛	0	−0⅛	9.64

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 6½ 88	150	95⅞	96⅜	0	0	7.08
Australia 6 88	250	100⅜	101⅛	+0⅛	0	5.96
Austria 5½ 90	150	94⅛	94⅝	−0⅛	0	6.43
Bankamerica 5¾ 90	150	99⅛	99⅝	0	−0⅛	5.82
Bq. Ext. Algerie 7¾ 85	100	97	97½	−0⅛	+0⅛	7.78
Brazil 7¼ 87	150	100⅜	101⅛	+0⅛	+0⅛	7.08
CECA 6 88	150	97	97½	0	0	6.38
Canada 4¾ 83	800	98⅜	98⅞	−0⅛	0	5.14
Ch. Manhttn. O/S 6 93	100	101⅜	101⅞	0	+0⅛	5.83
Commerzbank WW 3¼	100	103⅝	104⅝	−0⅛	−0⅛	2.99
Commerzbank XW 3¼	100	82⅛	83	0	0	5.95
Copenhagen City 6 90	75	94⅛	94⅝	−0⅛	−0⅛	6.68
Council of Europe 6¼	100	97½	98⅛	−0⅛	−0⅛	6.43
Council of Europe 6¼	130	98⅛	98⅝	0	+0⅛	6.47
EIB 6 90	300	96	96⅝	0	+0⅛	6.45
Finland 6 83	150	99	99½	0	+0⅛	6.18
Hitachi Ship 5¾ 83	50	100⅞	101⅛	−0⅛	0	5.48
IBJ 5 84	100	98⅝	99⅛	−0⅛	−0⅛	5.29
Indonesia 7 84	100	97½	98	−0⅛	0	7.49
Kobe, City of 5¾ 88	100	101	101⅛	+0⅛	+0⅛	5.51
Mexico 6 85	200	97⅜	98⅛	−0⅛	−0⅛	6.39
Mitsubishi Petro. 5¾ 85	100	101⅜	101⅞	+0⅛	−0⅛	5.44
New Zealand 6¼ 87	200	99⅛	99⅝	0	+0½	6.33
Nippon Steel 5¾ 85	150	100⅝	101⅛	+0½	−0⅛	5.60
Nordic Inv. Bk. 6¼ 86	50	98½	99	+0⅛	+0⅛	6.48
Norges Komm. 6 90	100	97	97⅜	0	−0⅛	6.32
Norway 4½ 83	250	96⅞	97⅜	0	−0⅛	5.15
Norwegn. Ind. Bk. 6 90	125	97⅛	98	−0⅛	0	6.30
Occidental 6¾ 90	150	97⅜	97⅞	+0⅛	−0⅛	7.05
OKB 6½ 88	100	101⅜	101⅞	−0⅛	−0⅛	6.27
Petrolao Brazil 7 88	100	99⅛	99⅝	0	+0⅛	7.08
PK Banken 5¾ 88	100	93⅜	93⅞	0	−0⅛	6.69
Quebec, Prov. of 6 90	150	95	95½	−0⅛	−0⅛	6.60
Ricoh 5¾ 83	30	99⅞	101⅛	+0⅛	−1⅛	5.21
Spain 6 88	200	94⅜	94⅞	0	−0½	6.79
Statoil 6 88	150	98	98½	−0⅛	−0⅛	6.24
UDS Group 5¾ 83	65	97⅝	98⅛	0	0	6.25
Union Bank-Finn 6½ 88	50	97	97½	0	−0⅛	6.91
Venezuela 6½ 90	150	94½	95	0	0	7.17
World Bank 6¾ 88	400	97⅞	98⅜	0	+0⅛	6.51

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5¼ 88	40	104⅞	105⅜	+0⅛	−0⅛	4.59
Amer. Exp. Int. 3½ 93	40	100	100⅜	−0⅛	−0½	3.49
Arlberg Tunnel 4 93	40	101	101½	−0⅛	−0⅛	3.89
Austria 3½ 93	100	97½	97⅞	+0⅛	−0⅛	3.71
Brazil 4¾	100	97⅜	98	−0⅛	−0⅛	4.62
Chase Manhattan 4 93	70	104	104½	−0½	0	3.63
Council of Europe 4¼	100	101⅝	102	−0⅛	−0⅛	4.05
Bankamerica 3¾ 93	80	101⅜	101⅞	+0⅛	+0⅛	3.59
BNDE 5 88	75	101⅜	102	0	−0⅛	4.75
Denmark 4½ 90	100	104⅛	104⅝	−0⅛	−0⅛	4.01
Denmark-Mortgage Bk.	80	103⅜	103⅞	+0⅛	+0⅛	4.17
EIB 4¼ 93	100	†102½	102½	+0⅛	+0⅛	4.03
Euratom 4¼ 93	80	†101½	101⅞	−0⅛	0	4.10
F. L. Smidth 4½ 89	25	102⅛	102⅝	−0⅛	+0½	4.19
Finland 4½ 93	80	103⅝	103⅞	0	0	4.19
First Chicago 3½ 93	70	†98⅛	98½	−0⅛	−0⅛	3.64
GZB 4½ 93	100	103⅜	103⅞	−0⅛	−0⅛	4.17
Hilti-Liechenstein 4¼	25	104½	105	−0⅛	+0⅛	3.80
ICI Fin. NV. 4¼ 93	100	104½	104⅞	0	−1	3.83
Malaysia 4¾ 90	80	100	100⅜	0	0	4.73
Manitoba 4 93	100	103	103⅜	0	−0⅛	3.71
Newag 4 93	70	101½	102	−0⅛	−0⅛	3.84
Norges Komm. 4¼ 90	100	103½	103⅞	0	+0⅛	3.85
OKB 4 93	80	101⅜	101⅞	0	0	3.88
Oy Nokia 5 90	20	104	104½	+0⅛	+0⅛	4.51
Safe 4¼ 93	30	102½	103	−0⅛	0	3.99
Sandvik 4 90	85	101⅞	101⅞	0	−0½	3.84
Seas 4½ 88	15	104⅜	104⅞	−0⅛	+1⅛	3.90
Voest-Alpine 4½ 93	100	103⅜	103½	0	−0⅛	4.18
Voralberg Kraft 4 93	30	102⅛	102⅝	+0⅛	+0⅛	3.78
Vienna 4 93	100	100⅜	100⅞	0	−0⅛	3.93
World Bank 4¼ 93	250	101⅜	101½	−0⅛	−1⅛	4.12

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 5¾ 88	15	96⅞	97⅜	0	−0⅛	6.20
FCE 6.4 90	30	95	96	0	0	7.10
Eurofima 6.3 90	10	96	97	0	0	6.86
Norway 5.7 83	25	100⅜	101⅛	+0⅛	−0⅛	5.44
Sweden 6.3 90	40	94½	95½	0	−0⅛	7.07

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Rank O/S Hold. 11½ AS	12	95	96½	+0⅛	−0½	12.75
Auto Cote B. 7 93 EUA	16	95	96	0	−06	7.61
Copenhagen 7 93 EUA	30	95⅛	95⅞	0	−0⅛	7.56
Finland Ind. 7 93 EUA	15	95	96	0	−0⅛	7.62
Komm. Inst. 7½ 93 EUA	15	97⅝	98⅝	−0⅛	0	7.71
Panama 8¼ 93 EUA	20	95⅛	96⅛	0	0	8.70
SDR France 7 93 EUA	22	96⅝	97⅝	+0½	−0⅛	7.35
Algemene Bk. 6¾ 83 Fl	75	94⅜	95½	+0⅛	+1⅛	7.80
Brazil 7½ 83 Fl	75	94½	95¼	0	+0⅛	8.92
CFE Mexico 7¾ 83 Fl	75	97	97⅜	−0½	+0⅛	8.45
EIB 7¾ 85 Fl	75	94⅜	95⅝	+0⅛	+0⅛	8.24
Neder. Midd. 6½ 83 Fl	75	93⅜	94½	+0⅛	+0⅛	8.13
New Zealand 6¾ 84 Fl	75	94	94⅛	+0⅛	+1⅛	8.05
Norway 6½ 83 Fl	100	94½	94⅞	0	+1⅛	8.09
OKB 6½ 85 Fl	75	91⅛	92	+0⅛	+0½	8.24
Elf Aquitaine 9¾ 88 FFr	150	99⅜	99⅝	+0⅛	+0⅛	9.85
EIB 9¾ 88 FFr	200	99⅝	99⅝	+0⅛	+0⅛	9.84
Unilever 10 85 FFr	100	101⅛	102⅛	0	+0⅛	9.63
BAT 8 88 LuxFr	250	96⅜	96⅝	0	+0⅛	8.58
Bayer Lux. 8 88 LuxFr	250	95⅜	96⅛	0	+0⅛	8.68
EIB 7¾ 88 LuxFr	250	95⅞	96⅞	+0⅛	+0⅛	8.30
Finland I. F. 8 88 LuxFr	250	96⅛	96⅞	+0⅛	+0⅛	8.58
Norway 7¾ 83 LuxFr	250	96⅝	97⅛	−0⅛	+0⅛	8.52
Norges Km. 8 88 LuxFr	500	99	100	0	0	8.08
Renault 7¾ 88 LuxFr	500	97⅛	98⅛	0	0	8.11
Solvay Fin. 8 85 LuxFr	500	100⅛	101⅛	0	+0⅛	7.75
Swedish Bk. 8 88 LuxFr	500	99⅛	101⅛	0	0	8.05
Gestetner BV 11 88 £	10	89	90	−0⅛	−1	12.98
Whitbread 10½ 90 £	15	85	86	0	−0⅛	13.00

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
American Express 82	0⅛	99⅛	99⅝	20/4	10⅛	10.69
Arab Intl. Bk. M6.5 83	0⅝	96⅛	96⅝	31/1	9⅛	9.77
BFG Fin. Co. M5.5 89	0⅛	98⅛	98⅝	12/7	12.4	12.60
Bco. El Salvador M8 83	1⅛	96½	97⅛	12/4	11.31	11.65
Bco. Nac. Argnt. M8 88	0⅛	98⅛	98⅝	21/1	9⅛	9.52
Bank Handlowy M8 88	1⅛	97⅛	97⅝	25/11	12.94	13.29
Bank of Tokyo M5½ 93	0⅛	96½	97	18/4	10½	10.85
Banque Worms M5¾ 85	0⅛	98½	58⅛	15/6	12	12.20
Bq. E. d'Alg. M8.375 84	0⅛	96½	97⅛	3/2	9⅛	9.94
Bq. E. d'Alg. M7.5 85	0⅛	95⅛	95⅞	2/6	12⅛	13.35
Bq. Indo et Suez M5½	0⅛	98½	99	25/1	9⅛	9.49
Bq. I. Afr. Occ. M6.5 83	0⅛	97⅛	97⅞	12/7	12.4	12.70
CCCE M5.25 98	0⅛	97½	98	3/2	9.19	9.40
Ch. Man. O/S M5¾ 93	0⅛	97⅜	98⅛	27/1	9.31	9.50
Credit National M5¼ 88	0⅛	97⅞	98⅛	11/7	12⅛	12.61
Gotabanken M6 88	0⅛	97⅛	98⅛	15/5	12.31	12.60
Ind. Bk. Japan M5½ 85	0⅛	99	99⅜	106	12.35	12.43
Ljubljanska M7.75 85	1	96⅛	97½	19/1	10⅛	10.59
LTCB Japan M5¾ 85	0⅛	98⅛	99⅛	9/5	12.06	12.17
Midland Intl. M5½ 93	0⅛	98	98½	20/1	9.44	9.61
Nat. West. M5½ 90	0⅛	98⅛	98⅛	21/6	12½	12.69
Nipp. Crdt. Bk. M5.5 85	0⅛	99⅛	98⅜	22/6	12.81	12.89
OKB M5¾ 88	0⅛	100⅛	100⅜	18/4	10.56	10.52
Offshore Mining 86	0⅛	98⅜	99⅛	19/1	9.44	9.53
Privredna Banka M8 88	0⅞	95⅜	96½	22/6	13.44	13.98
Standard Chrt. M5.5 90	0⅛	97⅜	97⅞	10/2	8.94	9.17
Sundsvallsbnkn. M6 85	0⅛	96⅝	97⅛	4/4	10.06	10.37
Utd. Overs's Bk. M6 83	0⅛	98⅝	99⅛	4/5	12.31	12.46

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5¾ 93	9/78	628	102⅛	103⅛	−0⅛	11.80
Baker Int. Fin. 5½ 93	1/79	34	104½	105	+0⅛	5.12
Boots 6¾ 93	2/79	2.16	92⅛	93⅛	0	−1.09
Coca-Cola Bottling 6¾	4/79	9	91¼	92½	+0⅛	20.19
Ito-Yokado 5¾ 93	6/78	1473	132⅞	133⅝	−1⅛	−0.19
Novo Industri 7 89	4/79	259	89½	90⅜	0	6.39
Texas Int. Air. 7½ 93	4/79	14.5	91½	92½	+0⅛	11.17
Thorn Int. Fin. 7 88	11/78	3.67	104⅛	105	0	−1.15
Tyco Int. Fin. 8½ 88	9/78	21	101	102	+0⅛	12.78
Tyco Int. Fin. 5 84	5/78	61.5	75½	76⅛	−0⅛	146.40
Asahi Optical 3½ DM	12/78	588	96⅛	97⅛	−0⅛	2.22
Casio Cp. 3½ 85 DM	11/78	841	103	104	−0⅛	5.43
Izumiya 3½ 86 DM	10/78	989	97⅞	98⅞	−0⅛	5.93
Jusco 3½ 86 DM	1/79	1270	95⅛	96⅛	+0⅛	13.59
Konishiroku 3½ 85 DM	1/79	612	98⅛	99⅛	+0⅛	6.61
Marudai Food 3½ DM	2/79	1033	102⅜	103⅜	+0⅛	15.41
Murata M. 3½ 86 DM	11/78	854	111⅞	112⅞	+1½	−0.84
Nipp. Air. 3.5 88 DM	12/78	508	91⅛	92⅛	+0⅛	7.32
Nippon Shmpn. 3½ DM	8/78	738	112½	113⅜	−0⅛	4.71
Nippon Ysn. 3½ 85 DM	1/79	251	96⅛	97⅛	+0⅛	3.44
Nissan Diesl. 3½ 86 DM	2/79	477	96⅛	97⅛	+0½	9.64
Olymp. Opt. 3½ 85 DM	2/79	703	107	108	−0⅛	−3.74
Ricoh 3½ 86 DM	10/78	617	103	104	−0⅛	13.67
Sanyo Electric 3½ DM	11/78	295	95⅛	96⅛	−0½	−0.60
Saiyu Strs. 3¾ 86 DM	9/78	1275	111⅞	112⅞	+0⅛	−1.32
Sharp Cp. 3½ 88 DM	2/79	487	98⅛	99⅛	+0⅛	−2.34
Stanley Elec. 3½ DM	11/78	623	94½	95⅛	0	12.49
Tokyo Elec. 3½ 87 DM	4/79	476	98⅛	99⅛	+0½	3.47
Trio Knwd. 3½ 86 DM	11/78	711	90⅛	91⅛	−0½	12.73

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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Rhone-Poulenc hopeful

BY SUE CAMERON

PHONE-POULENC, the major French chemical group, expects to sustain lower losses of around FFr 500m ($117m) on its textile operations and an increased FFr 150m ($35m) deficit on its plastics business for 1978.

But the group estimates that it made a profit of roughly FFr 300m, depending on certain adjustments, on its overall operations last year, according to M. Gaitano Pirrone, the deputy managing director.

In the first half of the year, the group reported net profits of FFr 150m, although the figures were not comparable with those of the previous year mainly because of the abandonment by the parent company of credits to Rhone-Poulenc Textile at the end of the 1977 financial year.

In 1977, Rhone-Poulenc's total profit was FFr 84m, a sharp turnround from the deficit of FFr 364m reported for 1976.

● Bouygues should post a higher net profit in the construction sector for 1978, M. Francis Bourgues, the chairman, said in a letter to management, Reuter reports from Paris. He said this takes into account the possible losses due to the troubles in Iran. The company had a group net profit of FFr 50.1m ($11.8m) in 1977.

Consolidated turnover should rise to FFr 4.7bn ($1.1bn) in 1978 from the previous year's FFr 3.4bn.

Dutch papermaker sees recovery this year

BY CHARLES BATCHELOR IN AMSTERDAM

THE COST of restructuring its Okto operations has pushed Dutch papermaker KNP into the red for 1978. However, the group expects to return to profits in the current year.

Okto's factory in Winschoten is now able to make flexible board and paper of a constant quality, and after further investment, production levels will be 65,000 tons a year by the end of 1979. But the problem of weak selling prices remains, and it is likely to be several years before a balance is reached between supply and demand.

Thus Okto, which is 51 per cent owned, will probably continue to make losses leaving KNP with little option but to seek a joint solution with the other shareholder, the state-owned development company for the north of the Netherlands (NOM) and with the Ministry of Economic Affairs.

Good use of capacity is expected by KNP in the graphic paper division while in the packaging division most plants should maintain a reasonable level of operations. KNP sales rose 18 per cent to Fl 850m ($427m) in 1978, excluding Okto, although Kappa, a company acquired in 1977, only contributed for five months.

Graphic papers had a satisfactory year with volume sales rising 6 per cent to 366,800 tons. Eleven of the packaging division's 14 plants also achieved a satisfactory result.

Bank venture in Jordan

By Our Own Correspondent

THE World Bank affiliate, the International Finance Corporation, is working closely with the Central Bank of Jordan to establish a new investment bank to deal primarily in the underwriting and trading in all kinds of negotiable securities.

A two-man team headed by the IFC's capital markets department, Mr. David Gill, has recently concluded its second round of talks on the subject in Amman, and central bank sources here say that the next step is to gather the interested Jordanian partners to the project, both commercial banks and semi-state institutions, such as the Housing Bank, to discuss subscriptions to the new bank's as yet undetermined capital.

The investment bank would also provide portfolio management services, feasibility studies, venture capital financing, trust management and underwriting services in general, all of which are relatively unsophisticated in Jordan today. One Western investment bank would be brought in as a minority shareholder to provide initial expertise and training, and the IFC itself would also take a minority shareholding in the new bank, Mr. Gill said.

Stelux sells Bulova shares to Loews

HONG KONG — Stelux Manufacturing, the Hong Kong company with interests in watchmaking and other fields, has sold its 26.8 per cent stake in Bulova Watch Company of the U.S. to the diversified U.S. group, Loews Corporation, for some $10m.

In addition to 1m shares from Stelux, Loews has bought shares from Mr. C. P. Wong, managing director of Stelux, and others associated with the Hong Kong company, to make its total acquisition some 1.14m shares, or 30.3 per cent of Bulova.

Stelux bought its stake in Bulova from Gulf and Western Industries in 1976, and the sale will result in an extraordinary book loss of about $4.8m in the company's results for the current financial year, to March 31. Stelux said yesterday, however, that it was confident an overall, satisfactory profit would be achieved for the year. It expected substantial profits from the sale of a major industrial building development in Tuen Mun, New Territories.

Stelux made a group net loss of HK$ 61.4m ($12.8m) in 1976-1977, after recording a small deficit in the previous year, but reported a profit of HK$7.9m, after extraordinary items, for the first six months of the current year.

Bulova achieved a profit of $6.6m in the half-year to September, after three years of losses.

Mr. C. P. Wong joined Bulova as chief executive officer and chairman of the executive committee after Stelux had taken its stake in 1976, but resigned from these posts in November, 1977, and as a director a year later.

The $10 a share paid by Loews for the Stelux stake in Bulova compares with a price on the New York Stock Exchange on Friday of $7.125.

Stelux will continue to act as principal distributor of Bulova Watch products in all major countries except the U.S., Canada, Italy and South Africa. Agencies

PAN-HOLDING S.A.
Luxembourg

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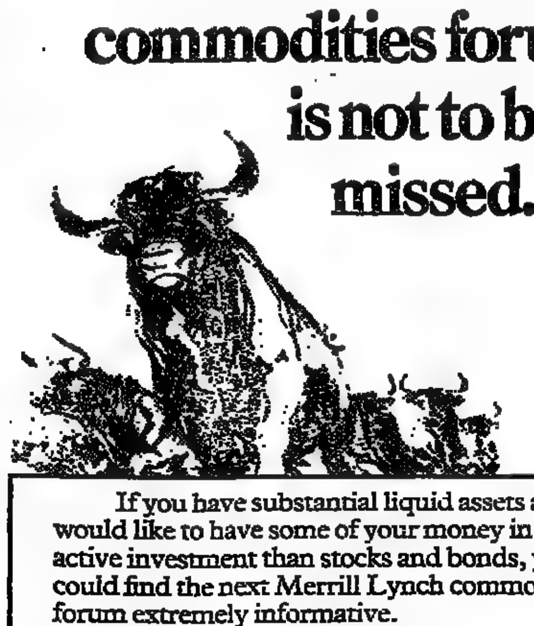

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Sterling and dollar steady

Sterling and the U.S. dollar showed little change on balance from Friday in yesterday's foreign exchange market, despite some fairly sharp fluctuations throughout the day. The pound's early weakness against the dollar reflected its poorer performance in the far east and on opening level of $1.9850 helped push down sterling's trade weighted index to 63.0 in the morning, against Friday's close of 63.3. Trading was never heavy and a continued trickle of selling saw the pound touch a low for the day of $1.9820. About this time a rumour that the lorry drivers' industrial action was soon to end, helped sterling to recover, possibly with a little assistance from the Bank of England. By noon it had reached $1.9930 and, while the rumour was discounted, commercial demand developed and its index rose back to 63.3.

Ahead of the trade figures sterling stood at $1.9950 and although the former were not disappointing, sterling failed to improve beyond $1.9975 and closed at $1.9925-1.9935, a loss of just 30 points from Friday. The final calculation of its index was unchanged at 63.3.

The dollar improved generally in early trading with the aid of some central bank support. However afternoon trading saw the U.S. unit decline, and it finished on or around its worst levels for the day, although still showing a very slight overall improvement from Friday. On Morgan Guaranty figures, its trade weighted index at noon in New York was unchanged at 8.7 per cent. On Bank of England figures, the dollar's index rose to 84.1 from 84.0.

Against the D-mark, the dollar touched DM 1.8640 at one point before closing at DM 1.8582½, compared with DM 1.8545 on Friday. Similarly against the Swiss franc, it rose to SwFr 1.7080 before closing at SwFr 1.7000 against SwFr 1.6830 previously.

FRANKFURT—The dollar was fixed at DM 1.8620 yesterday slightly down from DM 1.8632 on Friday, and there was no intervention by the Bundesbank. Trading was described as quiet and generally uneventful. The D-mark's revaluation index against 22 major currencies rose to 154.5 from 152.4, a rise of 6.9 per cent from the end of 1977. In later trading the dollar showed a slightly easier tendency with conditions remaining subdued. Near the close it stood at DM 1.8595. The Swiss franc weakened to DM 1.0947 from DM 1.1013.

MILAN—Trading was fairly steady yesterday, with the dollar fixed slightly lower against the lira at L841.55 against L841.95 previously.

ZURICH—The Swiss franc lost ground against the D-mark and this combined with Central Bank assistance for the dollar helped to push up the U.S. unit in very quiet mid-morning trading. The dollar was quoted at SwFr 1.7010, up from SwFr 1.6920 earlier, while against the D-mark it remained steady at DM 1.8620. The Swiss franc weakened to SwFr 91.25 per DM 100 from SwFr 90.60 on Friday.

PARIS—In relatively calm trading the dollar drifted slightly in the absence of any *fresh factors to influence the* market. At the close the U.S. currency stood at Fr 4.2660 compared with Fr 4.2780 earlier on, and Fr 4.2650 on Friday

THE POUND SPOT

Jan. 15	Bank rate %	Day's Spread	Close
U.S. $	9½	1.9820-1.9975	1.9925-1.9935
Canadian $	11¼	2.3530-2.3750	2.3670-2.3690
Guilder	6½	3.98-4.02	3.99½-4.00½
Belgian F	6	58.20-58.65	58.30-58.40
Danish K	8	10.25-10.32½	10.27½-10.28½
D mark	3	3.69-3.72½	3.70-3.71
Port. Esc.	18	93.00-94.00	93.40-93.95
Span. Pes.	8	139.20-139.95	139.75-139.85
Lira	10½	1,670-1,679	1,675-1,676
Nrwgn. K.	7	10.08½-10.14	10.11-10.12
French Fr.	9½	8.48½-8.53½	8.49½-8.50½
Swedish Kr	6½	8.65½-8.72	8.69½-8.70½
Yen	3½	390-398	393½-395½
Austria Sch	4½	27.00-27.20	27.10-27.15
Swiss Fr.	1	3.35½-3.40½	3.38½-3.39½

Belgium rate is for convertible francs. Financial franc 59.35-59.45.

FORWARD AGAINST £

	One month	% p.a.	Three months	% p.a.
U.S. $	0.47-0.37c pm	2.53	1.05-0.95c pm	1.97
Canadian $	0.65-0.55c pm	3.04	1.50-1.40c pm	2.45
Guilder	1⅞-⅞c pm	3.75	5⅛-4⅛c pm	4.63
Belgian F	25-15 c pm	4.11	70-60 c pm	4.46
Danish K	1ore pm-1ore dis	par	¼-2¼ ore dis	—0.49
D mark	3¼-2¾ pf pm	10.53	9¼-8¼ pf pm	9.45
Port. Esc.	40-90 c dis	—8.32	70-230 c dis	—6.40
Span. Pes.	10-60 c dis	—3.86	105-205 c dis	—4.43
Lira	3lire pm-par	0.71	3-2 lire pm	0.83
Nrwgn. K.	5⅜-5⅞ ore pm	5.64	11-9 ore pm	3.95
French Fr.	4¼-3¼ c pm	5.29	10½-9½ c pm	4.71
Swedish Kr	4⅝-2⅝ ore pm	5.17	11-9 ore pm	4.60
Yen	4.25-3.85y pm	12.47	11.65-11.20 y pm	11.58
Austria Sch	20-10 gro pm	6.64	52-42 gro pm	6.93
Swiss Fr.	4-3 c pm	12.39	11⅞-10⅞ c pm	12.83

Six-month forward dollar 1.70-1.60c pm; 12-month 2.90-2.80c pm.

THE DOLLAR SPOT AND FORWARD

Jan. 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canada†	84.12-84.23	84.12-84.15	0.02c dis-0.01c pm	—0.06	0.05-0.08	0.31
Nethlnd.	2.0068-2.0105	2.0070-2.0090	0.38-0.33c pm	1.77	1.43-1.38	2.74
Belgium	29.32-29.39	29.32-29.34	5½-5c pm	2.56	20-18c pm	2.69
Denmark	5.1570-5.1750	5.1575-5.1600	0.75-1.25gro dis	—2.05	2.60-3.10gro dis	—2.32
W. Ger.	1.8590-1.8622	1.8595-1.8605	1.32-1.27c pm	7.31	3.57-3.52c pm	7.60
Portugal	46.85-47.05	46.85-47.00	32-42c dis	9.46	55-120c dis	7.46
Spain	70.11-70.20	70.15-70.20	25-40c dis	—4.90	95-115c dis	—5.99
Italy	840.80-842.50	840.80-841.30	0.75-1.25lire dis	—1.26	2.50-3.25lire dis	—1.29
Norway	5.0725-5.0860	5.0725-5.0745	1.65-1.15ore pm	4.58	3.60-3.20ore pm	2.60
France	4.2575-4.2815	4.2675-4.2700	1.20-1.00c pm	2.60	2.15-1.95c pm	2.62
Sweden	4.3605-4.3705	4.3675-4.3685	1.15-0.95ore pm	2.67	3.20-3.00c pm	2.84
Japan	197.60-197.90	197.70-197.90	1.80-1.70y pm	9.24	4.65-4.55y pm	9.36
Austria	13.60-13.64	13.62-13.63	5.75-5.75gro pm	4.47	18.00-15.25gro pm	4.70
Switz.	1.6917-1.7020	1.7000-1.7020	1.70-1.65c pm	10.39	4.66-4.61c pm	10.91

† U.S. cents per Canadian $.

CURRENCY RATES

January 12	Special Drawing Rights	European Unit of Account
Sterling	0.647748	0.677630
U.S. dollar	1.28727	1.34734
Canadian dollar	1.52979	1.59905
Austrian schilling	17.5680	18.3511
Belgian franc	37.8586	39.5924
Danish krone	6.66484	6.96683
Deutsche Mark	2.39844	2.50852
Guilder	2.58999	2.70774
French franc	5.51531	5.76919
Lira	1083.88	1134.97
Yen	254.236	266.257
Norwegian krone	6.55220	6.83806
Peseta	90.3638	94.4926
Swedish krona	5.62601	5.88035
Swiss franc	2.18257	2.27772

CURRENCY MOVEMENTS

January 15	Bank of England Index	Morgan Guaranty changes %
Sterling	63.32	—40.9
U.S. dollar	84.06	— 8.7
Canadian dollar	79.04	—18.4
Austrian schilling	146.98	+19.7
Belgian franc	114.77	+15.4
Danish krone	118.73	+ 7.5
Deutsche Mark	150.17	+41.9
Swiss franc	191.71	+79.5
Guilder	124.86	+20.9
French franc	99.72	— 5.6
Lira	146.18	+44.3
Yen	54.15	—49.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Jan.15	£	$		£ Note Rates
Argentina Peso	2037-2057	1022-1032	Austria	26¾-27¾
Australia Dollar	1.7475-1.7525	0.8776-0.8787	Belgium	59-60
Brazil Cruzeiro	41.08-42.08	20.61-21.11	Denmark	10.21-10.31
Finland Markka	7.90½-7.91½	3.9800-3.9820	France	8.45-8.55
Greek Drachma	71.405-73.152	35.83-36.70	Germany	3.67-3.77
Hong Kong Dollar	9.47-9.49½	4.7540-4.7580	Italy	1,660-1,710
Iran Rial	148.48-158.44	74½-79½	Japan	393-399
Kuwait Dinar (KD)	0.538-0.548	0.2699-0.2750	Netherlands	3.95-4.05
Luxembourg Frc.	58.30-58.40	29.26-29.29	Norway	10.05-10.15
Malaysia Dollar	4.4160-4.4360	2.2200-2.2250	Portugal	91-100
New Zealand Dlr.	1.8845-1.8905	0.9465-0.9486	Spain	143-147
Saudi Arab. Riyal	6.57-6.67	3.2965-3.3467	Switzerland	3.30-3.40
Singapore Dollar	4.3200-4.3400	2.1730-2.1740	United States	1.9950-2.0050
Sth. African Rand	1.7131-1.7392	0.8596-0.8726	Yugoslavia	39.5-42.5

Rates given for Argentina is free rate.

EXCHANGE CROSS RATES

Jan. 15	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.993	3.048	394.5	8.500	3.390	4.000	1676.	2.368	58.55
U.S. Dollar	0.502	1.	1.976	197.9	4.265	1.701	2.007	840.7	1.188	29.26
Deutsche mark	0.270	0.538	1.	106.5	2.294	0.915	1.080	452.2	0.639	15.75
Japanese Yen 1,000	2.535	5.052	9.392	1000.	21.56	8.593	10.14	4247.	6.001	147.9
French Franc 10	1.176	2.345	4.359	464.1	10.	3.988	4.706	1971.	2.785	68.65
Swiss Franc	0.295	0.588	1.093	116.4	2.507	1.	1.180	494.2	0.698	17.21
Dutch Guilder	0.250	0.498	0.926	98.63	2.125	0.848	1.	418.9	0.592	14.59
Italian Lira 1,000	0.597	1.189	2.211	235.5	5.075	2.023	2.387	1000.	1.413	34.83
Canadian Dollar	0.422	0.842	1.565	166.6	3.590	1.432	1.690	707.7	1.	24.65
Belgian Franc 100	1.714	3.416	6.350	676.1	14.57	5.810	6.855	2871.	4.057	100.

EURO-CURRENCY INTEREST RATES

Jan. 15	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	11⅜-11¾	10-10¼	8-9	8¼-8½	par-⅛	2⅝-2¾	6⅛-6⅜	20-25	—	—¼-½
7 day's notice	11¼-11⅝	10¼-10⅜	8-9	8¼-8½	par-⅛	2⅝-2¾	6⅝-6⅞	11-12	10¼-10⅜	½-1⅛
Month	11⅞-11⅞	10⅜-10⅝	10¼-10⅝	8½-8¾	par-⅛	3-3⅛	8⅛-8⅝	12½-13½	10⅜-10⅝	½-1⅜
Three months	12-12	11⅛-11⅜	10⅝-11	8¼-8½	par-⅛	3⅜-3⅝	8⅞-9⅛	13-14	11⅛-11¼	1⅛-1⅞
Six months	12-12	11⅛-11	10⅞-11	8⅛-8⅜	⅜-⅝	3¼-3⅝	8⅞-9⅛	13¼-14¼	11⅛-11⅜	2⅝-2⅞
One year	12-12	11⅛-11	10⅞-11	8⅛-8⅜	⅛-⅜	3⅞-4⅛	9⅝-9⅞	14-15	11¼-11⅞	3⅞-4⅛

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.45-10.55 per cent; three months 10.65-10.75 per cent; six months 11.50-11.60 per cent; one year 11.40-11.50 per cent.

Long-term Eurodollar deposits: two years 10¾-11 per cent; three years 10¾-10⅞ per cent; four years 10¾-10⅞ per cent; five years 10⅜-10⅞ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

New York rates firmer

Treasury bill rates were generally firmer yesterday with the rate on 13-week bills rising to 9.41 per cent against 9.35 per cent earlier in the day and 9.28 per cent on Friday. 26-week bills were steady from earlier in the day at 9.55 per cent, but still up from 9.44 per cent on Friday. One-year bills were quoted at 9.60 per cent, against 9.54 per cent. Federal funds moved marginally firmer and were trading at 10⅛-10⅜ per cent

FRANKFURT—German interbank market rates were easier throughout, with call money at 3.1-3.2 per cent from 3.15-3.25 per cent on Friday, and one-month money at 3.5-3.9 per cent against 3.55-3.6 per cent. The three-month rate fell to 3.6-3.7 per cent compared with 3.65-3.75 per cent, while six-month money was quoted at 3.7-3.9 per cent against 3.75-3.85 per cent previously. Twelve-month money fell from 4.2-4.25 per cent to 3.95-4.05 per cent.

PARIS — Money rates were firmer where changed, with call money remaining at 6⅞ per cent and one-month money rising from 6½-6⅝ per cent to 6⅝-6⅞ per cent. Three-month money was also quoted at 6⅝-6⅞ per cent up from 6½-6⅝ per cent, while the six- and 12-month rates were unchanged at 6⅞-6⅞ per cent and 7¼-7½ per cent respectively.

BRUSSELS — Deposit rates for the Belgian franc (commercial) were slightly easier at the short end, while longer-term rates were unchanged from Friday. One-month deposits eased to 8¾-9 per cent from 8⅞-9¼ per cent and the three-month rate fell from 9-9¼ per cent to 8⅞-9¼ per cent.

AMSTERDAM—Money rates showed a rather mixed pattern, with call money quoted at 8½-8¾ per cent against 8¼-8½ per cent previously and one-month money unchanged at 9-9¼ per cent.

SINGAPORE—Several banks announced changes in their prime rates, with the Bank of East Asia raising its rate to 8 per cent from 7¾ per cent. Bank of India increased its rate from 8 per cent to 8¼ per cent with Chartered Bank firming to 7¾ per cent from 7½ per cent. Chemical Bank and Development Bank of Singapore both implemented ¼ per cent rises to 8¼ per cent and 7¾ per cent respectively and the First National Bank of Chicago went to 8¼ per cent against 8 per cent. *Other banks included Malayan* Banking 7¾ per cent, Marine Midland Bank 8¾ per cent, National Westminster Bank 8¼ per cent, Overseas-Chinese Banking Corporation 7¾ per cent, and Overseas Union Bank 7¾ per cent.

GOLD

Slight fall

Gold lost $1¼ an ounce in the London bullion market yesterday and closed at $216½-217. Trading was described as quiet and uneventful and the metal drifted to a low point of $216-216½. The afternoon fixing of $216.85 showed only a slight improvement over the morning fixing of $216.55 after an opening level of $217¼-218¼.

In Paris the 12½ kilo bar was fixed at FFr 30,150 per kilo ($219.22 per ounce) compared with FFr 30,100 ($218.73) in the morning and FFr 30,150 ($218.87) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 13,005 per kilo ($217.28 per ounce) against DM 13,020 ($217.29) previously.

	Jan. 15	Jan. 12
Gold Bullion (a fine ounce)		
Close	$216½-217	$217½-218½
Opening	$217¼-218¼	$218-218½
Morning fixing	$216.55 (£108.710)	$218.60 (£109.066)
Afternoon fixing	$216.85 (£108.691)	$217.80 (£109.076)
Gold Coins, domestically		
Krugerrand	$231½-233½ (£116-117)	$230-232 (£115½-116½)
New Sovereigns	$63½-65½ (£31½-32½)	$62½-65½ (£31½-32½)
Old Sovereigns	$64-66 (£32-33)	$63½-65½ (£31½-32½)
Gold Coins, internationally		
Krugerrand	$222½-224½ (£111½-112½)	$224-226 (£112½-113½)
New Sovereigns	$57-58 (£28½-29½)	$57½-59½ (£28½-29½)
Old Sovereigns	$64-66 (£32-33)	$63½-65 (£31½-32½)
$20 Eagles	$288-293	$281-286
$10 Eagles	$159-164	$160-165
$5 Eagles	$109-114	$109-114

MONEY RATES

NEW YORK

Prime Rate	11.75
Fed Funds	10.26
Treasury Bills (13-week)	9.41
Treasury Bills (26-week)	9.55

GERMANY

Discount Rate	3
Overnight Rate	3.15
One month	3.55
Three months	3.65
Six months	3.80

FRANCE

Discount Rate	9.5
Overnight	6.875
One month	6.625
Three months	6.625
Six months	6.625

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.75
Bills Discount Rate	4.625

UK MONEY MARKET

Full credit supply

BANK OF ENGLAND MINIMUM LENDING RATE 12½ PER CENT (since November 9, 1978)

Day-to-day credit was in plentiful supply in the London money market yesterday, and the authorities mopped up the surplus by selling a very large amount of Treasury bills all direct to the discount houses. The latter were paying around 10¾ per cent for secured call loans at the start and closing balances were taken down to 9 per cent. Against the market, banks brought forward balances a moderate amount below target.

On the other hand there was a fairly large amount of Treasury bills maturing outside official hands and an excess of Government disbursements over revenue transfers to the Exchequer. The disbursements included rate support grant and interest on Government securities.

In the interbank market overnight loans opened at 11-11¼ per cent and eased on the forecast of a surplus to 10¼-10½ per cent. Most of the day's trading took place around this level before early afternoon saw the rate ease to 10-10¼ per cent briefly touch 10½-11 per cent and close in the region of 10½ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Jan. 15 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills Φ	Eligible Bank Bills Φ	Fine Trade Bills Φ
Overnight	—	10-11½	—	—	—	10½-11	9½-10¾	—	—	—
2 days notice	—	—	11¼-11⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	11⅝	—	—	—	—
7 days notice	—	11¼-11½	11⅝-11¾	—	12	—	10-11	—	—	—
One month	12-11⅞	11⅞-11⅞	11⅝-11¾	11⅞-12⅝	12¼	12¼	11½	11⅝	11⅞-11⅞	12¼
Two months	12-11⅞	12-12	—	12-12⅜	12½	—	11⅝	11⅞-11¾	12⅛	12½
Three months	12-12	12⅜-12½	12¼-12⅜	11¾-12⅜	12⅝	12¾-12⅞	12	11⅞-11⅞	12⅛	12⅝
Six months	12⅝-12	12⅜-12½	12¼-12⅜	12-12¼	12½-12⅝	—	—	—	12-12⅛	13
Nine months	12-12	12-12	—	11⅞-12⅜	12⅝	—	—	—	—	—
One year	12-12	12-12	12-12⅜	11⅞-12¼	12½	—	—	—	—	—
Two years	—	—	12⅛-12	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rates nominally three years 12¾-12½ per cent; four years 12¾-12¾ per cent; five years 12¾-13 per cent. Φ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅜-12⅜ per cent; four-month trade bills 12¾ per cent.

Approximate selling rates for one-month Treasury bills 11½ per cent; two-month 11⅞-11⅝ per cent; three months 11⅞-11⅞ per cent. Approximate selling rate for one-month bank bills 11⅞-11⅞ per cent; two-month 11⅞-11⅞ per cent and three-month 12⅛-12⅛ per cent; one-month trade bills 12⅛ per cent; two-month 12⅜ per cent; and also three-month 12½ per cent.

Finance House Base Rates (published by the Finance Houses Association) 12½ per cent from January 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent. Clearing Bank Rates for lending 12½ per cent. Treasury Bills. Average tender rates of discount 11.7855 per cent.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound *against* various currencies on January 15, 1979. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territories; (k) *Scheduled Territory*; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (exC) exchange certificate rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place	Local Unit	Value of £ Sterling
Afghanistan	Afghani	75.09
Albania	Lek	10.0363
Algeria	Dinar	7.8310
Andorra	French Franc	8.50
	Spanish Peseta	139.80
Angola	Kwanza	n.a.
Antigua (S)	E. Carribean $	5.3861
Argentina	Ar. Peso Free Rate	2,047
Australia (S)	Australian $	1.7500
Austria	Schilling	27.1250
Azores	Portug. Escudo	93.70
Bahamas (S)	Ba. Dollar	1.9950
Bangladesh (S)	Taka	30.99(sg)
Bahrain (S)	Dinar	0.761
Balearic Isles	Spa. Peseta	139.80
Barbados (S)	Barbados $††	3.9860
Belgium	B. Franc	(cm) 58.55 (fn) 59.40
Belize	B $	3.9850
Benin	C.F.A. Franc	427
Bermuda (S)	Bda $	1.9950
Bhutan	Indian Rupee	16.09(sg)
Bolivia	Bolivian Peso	39.88
Botswana (S)	Pula	1.6505
Brazil	Cruzeiro ‡‡	41.58
BrVirginIs (S)	U.S. $	1.9950
Brunei (S)	Brunei $	4.53
Bulgaria	Lev	1.7161
Burma	Kyat	13.4971
Burundi	Burundi Franc	181.81
Camero'n Rp	C.F.A. Franc	[illegible]
Canada	Canadian $	2.3575
Canary Isles	Spanish Peseta	139.80
Cape Verde I.	Cape V. Escudo	72.7644
Cayman Is (S)	Cay. Is. $	1.6608
Cent. Af. Rp.	C.F.A. Franc	325
Chad	C.F.A. Franc	425
Chile	C. Peso	(Bk) 67.71
China	Renminbi Yuan	3.1927
Colombia	C. Peso	(F) 81.75
Comoro Is.	C.F.A. Franc	425
Congo (B'ville)	C.F.A. Franc	425
Costa Rica	Colon	17.1598
Cuba	Cuban Peso	1.4594
Cyprus (S)	Cyprus £	0.7150
Czechoslovakia	Koruna	(com) 10.60 n/c 21.10 (T) 17.70
Denmark	Danish Kroner	10.28
Djibouti	Fr.	325.0
Dominica (S)	E. Caribbean $	5.3861
Domin. Rep.	Dominican Peso	1.9950
Ecuador	Sucre	(O) 49.60 (F) 53.75
Egypt	Egyptian £	(T) 1.3954
Ethiopia	Ethiopian Birr	(P) 4.1502
Eq'l Guinea	Peseta	159.55

Place	Local Unit	Value of £ Sterling
Falkland Is. (S)	Falkland Is £	1.0
Faro Is.	Danish Krone	10.28
Fiji Is.	Fiji $	1.6650
Finland	Markka	7.91
France	French Franc	8.50
Fr. C'ty in Af*	C.F.A. Franc	425
Fr. Guiana	Local Franc	8.50
Fr. Pac. Is.	C.F.P. Franc	154.54
Gabon	C.F.A. Franc	425
Gambia (S)	Dalasi	3.9748
Germany (East)	Ostmark	3.7058
Germany (West)	DeutscheMark	3.7050
Ghana (S)	Cedi	5.44(sg)
Gibraltar (k)	Gibraltar £	1.0
Gilbert Is.	Aust. Dollar	1.7500
Greece	Drachma	72.9765
Greenland	Danish Kroner	10.28
Grenada (S)	E. Caribbean $	5.3861
Guadaloupe	Local Franc	8.50
Guam	US $	1.9950
Guatemala	Quetzal	1.9950
Guinea Rep.	Syly	38.0670
Guinea Bissau		67.8551
Guyana (S)	Guyanese $	5.0821
Haiti	Gourde	9.9850
Honduras Rep	Lempira	4.01
Hong Kong (S)	H.K. $	9.4625
Hungary	Forint	(com) 72.68 (T)(nc) 38.55
Iceland (S)	I Krona	647.0
India (S)	Ind. Rupee	16.09(sg)
Indonesia	Rupiah	1,245.6
Iran	Rial	158.461
Iraq	Iraq Dinar	0.5895
Irish Rep (k)	Irish £	1.00¼
Israel	Israel £	37.750
Italy	Lira	1,625.5
Ivory Coast	C.F.A. Franc	425
Jamaica (S)	Jamaica Dollar	3.5781
Japan	Yen	394.5
Jordan (S)	Jordan Dinar	0.579(sg)
Kampuchea	Riel	2581.8
Kenya (S)	Kenya Shilling	14.9755
Korea (Nth)	Won	1.76 (n)
Korea (Sth)	Won	967.15
Kuwait (S)	Kuwait Dinar	0.549
Laos	Kip Pot Po	797.98
Lebanon	Lebanese £	6.0448
Lesotho	S. African Rand	1.7261
Liberia	Liberian $	1.9950
Libya	Libyan Dinar	0.5900
Liecht'stein	Swiss Franc	3.38
Luxembourg	Lux Franc	58.55

Place	Local Unit	Value of £ Sterling
Macao	Pataca	9.8753
Madeira	Portug'se Escudo	93.70
Malagasy Rp.	MG Franc	425
Malawi (S)	Kwacha	1.6294
Malaysia (S)	Ringgit	4.4255
Maldive Is. (S)	Mal Rupee	7.8325
Mali Rp.	Mali Franc	850.0
Malta (S)	Maltese £	0.7370
Martinique	Local Franc	8.50
Mauritania	Ouguiya	84.78
Mauritius (S)	M. Rupee	11.9824
Mexico	Mexican Peso	45.22
Miquelon	C.F.A. Franc	427
Monaco	French Franc	8.50
Mongolia	Tugrik	(O) 5.857(I)
Montserrat	E. Carribean $	5.3861
Morocco	Dirham	7.85(sg)
Mozambique	Moz. Escudo	65.896
Nauru Is.	Aust. Dollar	1.7500
Nepal	Nepalese Rupee	23.9150
Netherlands	Guilder	4.0000
Neth. Ant'les.	Antillian Guild.	3.5675
New Hebrides	Franc	137.57
	Aust. Dollar	1.7500
N. Zealand (S)	N.Z. Dollar	1.8875
Nicaragua	Cordoba	14.02
Niger Rp.	C.F.A. Franc	425
Nigeria (S)	Naira	1.2675(sg)
Norway	Nrwg. Krone	10.1150
Oman Sultanate of (S)	Rial Omani	0.686
Pakistan	Pkst. Rupee	19.87(sg)
Panama	Balboa	1.9950
Papua N.G. (S)	Kina	1.367
Paraguay	Guarani	248.21
P'pl's D. Rp of Yemen (S)	S. Yemen Dinar	(A) 0.6896
Peru	Sol	exc(A) 391.52
Philippines	Phi. Peso	14.6994
Pitcairn Is. (S)	£ Sterling	—
	New Zealand $	1.8875
Poland	Zloty	(Cm) 62.25 (T) 62.23
Portugal	Pgse. Escudo	93.70
Port Timor	Timor Escudo	94.70
Principe Isle	Pgse. Escudo	93.70
Puerto Rico	U.S. $	1.9950
Qatar (S)	Qatar Ryal	7.81
Reunion Ile de la	French Franc	8.50
Rhodesia	Rhodesian $	1.3821
Romania	Leu	cm 8.87 (n/c) T 24.56
Rwanda	Rwanda Franc	181.76

Place	Local Unit	Value of £ Sterling
St. Christopher (S)	E. Caribbean $	5.3861
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	5.3861
St. Pierre	C.F.A. Franc	425
St. Vincent (S)	E. Caribbean $	5.4758
Salvador El	Colon	4.99
Samoa (Am)	U.S. $	1.9950
San Marino	Italian Lira	1,625.5
Sao Tome	Pgse. Escudo	93.70
Saudi Arabia	Ryal	6.62
Senegal	C.F.A. Franc	425
Seychelles	S. Rupee	15.55
Sierra Leone (S)	Leone	1.9874
Singapore (S)	Singapore $	4.33
Solomon Is. (S)	Solomon Is. $	1.7545
Somali Rep.	Som Shilling	(A) 12.545
Sth. Africa (S)	Rand	1.7261
S. W. African Territories (S)	S. A. Rand	1.7261
Spain	Peseta	139.80
Span. ports in North Africa	Peseta	139.80
Sri Lanka (S)	S. L. Rupee	30.86
Sudan Rp.	Sudan £	(A) 0.7972
Surinam	S. Guilder	3.5575
Swaziland (S)	Lilangeni	1.7261
Sweden	S. Krona	8.6975
Switzerland	Swiss Franc	3.38
Syria	Syria £	(A) 7.8469
Taiwan	New Taiwan	(P) 71.748
Tanzania (S)	Tan. Shilling	14.98
Thailand	Baht	40.337(sg)
Togo Rp.	C.F.A. Franc	425
Tonga Is. (S)	Pa'anga	1.7545
Trinidad (S)	Trin. & Tobago	4.788
Tunisia	Tunisian Dinar	0.790(sg)
Turkey	Turkish Lira	50.78
Turks & C's	U.S. $	1.9950
Tuvalu	Australian $	1.7500
Uganda (S)	Ug. Shilling	14.70
United States	U.S. Dollar	1.9950
Uruguay	Uruguay Peso	(cm) 14.38 (fin) [illegible]
Utd. A'b Emts.	U.A.E. Dirham	7.81
U.S.S.R.	Rouble	1.32
Upper Volta	C.F.A. Franc	425
Vatican	Italian Lira	1,625.5
Venezuela	Bolivar	8.556
Vietnam	Dong	(O) 4.5187 (T) [illegible]
Virgin Is. U.S.	U.S. Dollar	1.9950
Western Samoa (S)	Samoan Tala	[illegible]
Yemen	Ryal	[illegible]
Yugoslavia	New Y Dinar	[illegible]
Zaire Rp.	Zaire	[illegible]
Zambia	Kwacha	[illegible]

* That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 83.706. || Based on cross rates against Russian rouble. ** Rate is the Transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate.

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Managing Director
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Write Box G.3177, Financial Times, 10 Cannon Street, EC4P 4BY.

WE ARE SEEKING TO REPRESENT MANUFACTURERS/IMPORTERS

who wish to distribute their products through our three key locations. We have locations in North Wales, Cumbria & Cheshire with warehousing space & keen management. Food and Beverage lines especially considered. Send full details of your products with prices to: *Box G.3167, Financial Times, 10, Cannon Street, EC4P 4BY.*

BUSINESSES FOR SALE

FOR SALE CHEMICAL COMPANY IN NORTH WEST

Company engaged in the development, manufacture and marketing of speciality industrial chemicals is for sale. Ideal acquisition for companies seeking access to this rapidly growing market. Products are used by all sections of industry.

Shareholder—chief executive ready to stay up to three years for smooth transition.

Business expanding and turnover now some £2 million. Pre-tax profits in excess of £500,000 and increasing steadily.

Parties interested should contact:
Mrs. T. E. Bickenson,
10th Floor, Bank House,
9, Charlotte Street,
Manchester M1 4EU.

Medium-sized, London-based plumbing factors business for Sale

Sales approximately £1.2 million per annum.

Write Box G.3166, Financial Times, 10 Cannon Street, EC4P 4BY.

GARAGE FOR SALE

Well located in Yorkshire, West Riding. Good quality imported franchise. Profitable and expanding turnover. Property in first class condition. Good relations with manufacturer. Franchise transferable to acceptable buyer.

Write Box G.3138, Financial Times, 10, Cannon Street, EC4P 4BY.

SMALL WORKS

Quality Building Company in South London
FOR SALE
Est. 40 years. With established and quality workforce.
Turnover £1.5m.

BUILDING JOINERY WORKS FOR SALE

as part of or separate to above (occupies adjacent premises).
Fully equipped with highly competent management.
Turnover £½m.

Enquiries, principals only, write: Box G3154, Financial Times, 10 Cannon Street, EC4P 4BY

PRINTING BUSINESS FOR SALE

2 adjacent shops housing instant print/photocopying units in W1.

Long leases and low rent.

T/O around £130,000.

For sale as a going concern.

£40,000 + s.a.v.

Please apply Box G.3137, Financial Times, 10 Cannon Street, EC4P 4BY.

FOR SALE ELECTRONICS DISTRIBUTING CO.

LONDON-BASED
PRE-TAX PROFIT £750,000
PRINCIPALS ONLY

Write Box G.3181, Financial Times, 10, Cannon Street, EC4P 4BY.

INSURANCE BROKERS

Insurance brokerages in London for sale. Commission income £20,000 p.a. 90% general/10% life.

Write Box G.3173, Financial Times, 10, Cannon Street, EC4P 4BY.

UP MARKET SECRETARIAL EMPLOYMENT AGENCY FOR SALE

London W.1 area
Principals only

Write Box G.3157, Financial Times, 10, Cannon Street, EC4P 4BY.

FOR SALE ROOFING COMPANY

Servicing Government, Industry and private sector. Sales £500,000. Offices London, Birmingham, Bristol. Benefit of Tax Loss £30,000. Net Assets approx. £75,000. Offers.

DIVERCO,
4, Bank Street, Worcester.
Tel: 0905-22303.

FOR SALE

Small Engineering Company producing geriatric aids and plumbing fittings, with spacious leased premises on the S.W. outskirts of Birmingham.
T/O £300,000.

Apply Box G.3170, Financial Times, 10, Cannon Street, EC4P 4BY.

CONCRETE PRODUCTS

West Country. Four-acre freehold site. Established 18 years and has always been profitable. Current annual sales £300,000. Good staff. Easily run.

Write Box G.3159, Financial Times, 10, Cannon Street, EC4P 4BY.

FOR SALE

Leading manufacturer of light trailers and trailer tents. North Midlands. Turnover £320,000. Capacity over £500,000. Orders both home and Europe over £100,000. Freehold and Leasehold Premises. Modern and comprehensive plant including tube fabricating equipment. Principals only to apply to:

A. C. Palmer and Company,
Provincial House,
37 New Walk, Leicester LE1 6TU.

CARAVAN SITE, Mid-Wales, fully occupied, 125 Vans. River frontage. £135,000. Details from Morris, Marshall & Poole, 28 Broad Street, Welshpool, Powys. Tel. No. 2717 (0938).

OLD-ESTABLISHED MEDIUM-SIZED YORKSHIRE-BASED PLUMBERS MERCHANTS

BUSINESS FOR SALE

Sales approximately £2 million per annum.

Write Box G.3165, Financial Times, 10 Cannon Street, EC4P 4BY.

OPPORTUNITY FOR EUROPEAN CONSTRUCTION/CIVIL ENGINEERING COMPANY TO ENTER NIGERIAN MARKET

After five years' residence expatriate directors wish to sell their equity in well established and profitable Nigerian construction company. Value of work in progress £3 million. Excellent opportunity for any size of company to gain low cost entry into a prosperous market. Six month hand over envisaged with expatriate supervision to remain if required. *Please reply to Box G.3161, Financial Times, 10, Cannon Street, EC4P 4BY.*

BUSINESSES WANTED

Ex Chief Executive of Public Company

with extensive international contacts has substantial funds to invest in a profitable Midlands-based engineering orientated company preferably with export potential. Discussion with principals only over acquisition or participating in an equity holding. Continuity of management essential.

All replies treated in strictest confidence. Write Box G.3163, Financial Times, 10 Cannon Street, EC4P 4BY.

PROPERTY

Major property company is seeking mixed commercial property portfolio or small public or private company with net assets of up to £4 million.

Immediate cash available for acquisition of properties or shares.

Please write or telephone: S. A. Parnes, F.R.I.C.S.,

DRUCE EST 1822
Druce House
23 Manchester Square
London W1A 2DD
Tel 01-486 1252

ROCHE PLANT GROUP

A national company specialising in the hire, sale and servicing of plant and mechanical handling equipment

WISHES TO PURCHASE

independent companies in similar or related fields, operating within the U.K., with pre-tax profits in excess of £50,000.

Principals should reply, in strictest confidence, to:
The Chairman, Roche Plant Group, Roche House, London End, Beaconsfield, Bucks. HP9 2JH.

ACQUISITION WANTED

Required for a client, a speciality brick making company. Size not important. Preferably profitable, but not essential. Must have adequate supply of clay available. Acquisition could be wholly for cash or with continuing participation. *Write in confidence to:*

The Managing Director, Nunharp Associates Limited, Osborn House, Howardsgate, Welwyn Garden City, Herts, AL8 6AR

Cabinet Making/Shop Fitting

Fully equipped workshop staffed with up to 20 skilled personnel and management required for specialised production within 50-mile radius of Manchester. Sub-contract arrangements considered.

Apply
Mr J. S Neiger,
ENVAIR (UK) LIMITED,
Haslingden. Tel: Rossendale 28416.

Menswear Retailers JOHN MICHAEL (SAVILE ROW) LIMITED

wish to acquire a group of shops within the U.K. Of particular interest would be a group specialising in jeans or jeans-related merchandise. Write in strict confidence, marked private and confidential, to J. M. Ingram, 19 Savile Row, London, W.1. 01-734 0851.

SMALL ENGINEERING COMPANY in Lancashire (manufacturing, distribution or service) on which to base a growing mobile trade counter business. Write in confidence to R. D. Wykes, Airvan Ltd., PO Box No. 6, Thornton-Cleveleys, Blackpool.

CASH AVAILABLE

For acquisition of whole or part interest in Cloth Merchanting Concern or Cloth Manufacturer without Looms. Advertiser already has substantial interests in Textiles and is looking for further expansion. Write full particulars in strict confidence to Sampson Wade & Co., Ref. CM, Lloyds Bank Chambers, Hustlergate, Bradford 1, Yorkshire.

BONDED WAREHOUSING COMPANY AND/OR PREMISES

sought for acquisition in West Midlands or North-West

Please contact Box G 3139, Financial Times, 10, Cannon Street, EC4P 4BY.

Dow up 2.5 more in quieter early trade

INVESTMENT DOLLAR PREMIUM

\$2.60 to £1—90¼% (89¼%)
Effective \$1.9930 45¼% (45¼%)

STOCKS ON Wall Street were inclined to gain further ground in quieter trading yesterday morning.

The Dow Jones Industrial Average, after last Friday's 8.2 gain, hardened 2.51 more to 838.79 at noon. The NYSE All Common Index was 25 cents

Closing prices and market reports were not available for this edition.

higher at \$56.16, while gains outpaced declines by nearly a two-to-one ratio. Trading volume, however, contracted to 14.18m shares from last Friday's mid-day level of 22.42m.

Analysts said investors remained heatened by hopes that the Federal Reserve will not need to tighten credit further in the near-trem following last week's news of no increase in the basic money supply.

Additionally, a firm tone to the dollar was aiding sentiment.

International Business Machines picked up \$2 to \$314 before a trading halt pending dissemination of news that its fourth-quarter profits rose to \$6.95 a share from \$5.38 a year ago.

NCR jumped 3⅜ to \$69¾ in response to fourth-quarter earnings up 65 per cent.

Gaming shares were active. **Ramada Inns** topped the NYSE actives list and gained ⅞ to \$11⅜. **Bally Manufacturing**, in second place, rose 2⅞ to \$56⅞, while **Del E. Webb**, in the number three actives spot, advanced 1⅞ to \$19. Webb has agreed to join a partnership to design and manage an Atlantic City casino.

Columbia Pictures slipped ⅛ to \$21⅞. The U.S. Justice Department is to sue to block a tender offer for 20 per cent of Columbia's shares by Kirk Kerkorian.

Skil put on ⅜ to \$28 and **Emerson Electric** ⅜ to \$37⅞. Skil has signed a contract to sell its chain saw business, satisfying one of the conditions to its planned merger with Emerson.

THE AMERICAN SE Market Value Index rose 0.36 further to 160.69 at noon on volume of 1.65m shares (2.24m).

Leoronal added \$1 at \$22¼. The company has voted a 25 per cent stock dividend.

Active **Houston Oil and Minerals** picked up ⅜ to \$17. **Scientific-Atlanta** hardened ⅜ to \$33⅞ on higher second-quarter profits.

Golden Cycle, however, fell 7¼ to \$9⅜, *stating that Texasgulf* will not initiate plans to begin gold minin goperations on the jointly-owned Cripple Creek, Colorado, properties.

Canada

Markets were easier-inclined in fairly busy early trading, failing to maintain Friday's sharp advance. The Toronto Composite Index shed 3.6 to 1,356.5 at mid-day, while Oils and Gas declined 22.5 to 1,890.6, Golds 11.3 to 1,420.6 and Utilities 0.63 to 200.77. Metals and Minerals, in contrast, rose 9.7 to 1,198.9, while Banks gained 0.36 to 315.95.

Consumers Distributing, which resumed at the opening after a three-day *halt, fell 4⅜ to \$12⅞* on 66,025 shares in Toronto as the most active issue. Three men, including the company's president, were charged last week with conspiring to affect the market price of Consumers' shares.

Tokyo

Market was closed yesterday for the Coming of Age holiday.

Paris

Stocks tended to gain further ground in lively trading, with a fair amount of fresh buying by foreign investors taking place. The Bourse Industrials index rose 0.8 to 79.4.

Boosting sentiment were expectations of a recovery in Industrial investment this year and also a report commissioned by the French Government indicating that a wealth tax would cause more problems than it would solve.

However, despite the generally buoyant tone, Portfolios, Constructions, Rubbers and Mechanicals closed mixed and Electricals eased a shade.

Significantly ahead at the closing bell were **Financiere Paribas, Pechelbronn, Pechiney, St. Louis, Michelin, Alspi, Club Mediterranee, Aquitaine, Mouvelles Galeries, Sacilor, Elf-Gabon,** and **Penarroya.**

Among declining issues were **Chargeurs Reunis, Poliet, Imetal, L'oreal, Kleber, Generale de Fonderie, Saone** and **St. Gobain.**

Oils were easier in the international section, while Americans, Gold Mines and Canadians were mixed.

Germany

Shares finished on a mixed note, with the Commerzbank index recording a small loss of 1.5 at 836.0.

Among Motors, **BMW** rose DM 3.00 but **Daimler-Benz** declined DM 2.00.

Elsewhere, **Hapag Lloyd** put on DM 2.00, **VEBA** DM 2.50 and **KHD** DM 1.50, but **Krupp** receded DM 1.80, **Thyssen** DM 1.40 and **Mannesmann** DM 2.00.

On the Domestic Bond market, State loans were easier by up to 35 pfennigs, with the Bundesbank buying a nominal DM 9.2m after having sold DM 7m last Friday. Mark Foreign Loans were also mostly weaker.

Hong Kong

The market declined in moderate activity on reports that China and Portugal are expected to establish diplomatic relations *within the next few days and on* uncertainty over the future status of the Portuguese colony of Macao. The Hang Seng index lost 7.50 to 525.39.

Hongkong Bank receded 20 cents to HK\$18.50. **Hong Kong Land** 25 cents to HK\$7.80, **Jardine Matheson** 10 cents to HK\$12 and **Wheelock** 7.5 cents to HK\$2.90.

China Light, however, gained 20 cents to HK\$22.40 and **Cheung Kong** 5 cents to HK\$9.65.

Australia

Stocks remained firmer-inclined in moderate trading yesterday. The Sydney All Ordinary index improved 1.52 to 584.42.

BHP rose 16 cents to A\$9.74, but **Nicholas International** declined 4 cents to A\$1.05.

Among Uraniums, **Pancontinenal** put on 10 cents to A\$9.20, while **Queensland Mines** and **Kathleen Investments** gained 5 cents apiece to A\$3.25 and A\$2.75 respectively.

Elsewhere in Minings, **MIM** were noteworthy for an advance of 8 cents to A\$2.82. **Consolidated Goldfields** added 5 cents at A\$3.55, while Diamond speculative **Ashton Mining** hardened 2 cents to 99 cents.

BH South firmed 2 cents to A\$1.42 and **Ocean Resources** 1 cent to 16 cents.

Banks, which are now promised a dollar futures market, gained ground, while Retailers had **Waltons** 3 cents up at 79 cents and **David Jones** 2 cents harder at A\$1.27.

Johannesburg

Gold shares tended to improve a little, although dealers noted some hesitancy in trading ahead of today's U.S. Bullion auction. **Harmony** rose 20 cents to R6.40 ahead of the Rand Mines quarterlies, to be released today.

Mining Financials were also harder in places, while Diamond share **De Beers** gained 10 cents to R8.90. Coppers firmed, with **Palamin** adding 60 cents at R10.90 and **Messina** 13 cents at R1.78, but **Platinums** eased. *Industrials were steady to firmer.*

NEW YORK

Stock	Jan. 12	Jan. 11
Abbott Labs.	35⅛	35⅜
AM International.	24½	23½
Aetna Life & Ca..	41⅛	40½
Airproducts	25⅞	24⅞
Alcan Aluminium	35⅜	34⅞
Alcoa	49⅜	49¼
Alleg. Ludlum..	16⅞	16⅝
Corning Glass	57	55½
CPC Int'rn'tional	51¼	50⅞
Crane	26	26¼
Crocker Natl	27½	26⅝
Crown Zellerb'h.	32⅛	32
Cummins Engine	35½	35¼
Curtiss Wright	15⅜	16
Dana	30⅛	29⅝
Johns Manville	24⅞	24½
Johnson Johnson	75¾	75
Johnson Control.	26⅞	26½
Joy Manufacturg	31½	31¼
K. Mar Corp	23⅜	23¼
Kaiser Alumini'm	18¼	18½
Kaiser Industries	2⅛	2⅛
Kaiser Steel	21	30¼
Kaneb Services	13¾	13¾
Kay	13¼	13
Revlon	53	52½
Reynolds Metals	35	35
Reynolds R.J.	56⅞	56
Rich'son Merrell	24⅛	24¼
Rockwell Inter.	35⅝	35½
Rohm & Haas	36	35⅝
Royal Dutch	63	62⅞
RTB	12¾	12⅛
Ross Togs	10⅞	11
Woolworth	20⅛	20
Wyly	5⅝	5¼
Xerox	60⅞	59⅝
Zapata	13⅜	13⅝
Zenith Radio	14¼	14⅝
U.S. Treas.4% '80	†94⅝	†94¼
USTreas4¼%75/85	†78⅛	†78
U.S. 90-day bills.	9.36%	9.25%
White Con. Ind	18¾	18⅝
William Co.	16⅛	16⅛
Wisconsin Elect.	26¼	26

† Bid. ‡ Asked. § Traded. ‖ New stock.

CANADA

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS 2130

BASE LENDING RATES

A.B.N. Bank	12½%
Allied Irish Banks Ltd.	12½%
Amro Bank	12½%
American Express Bk.	12½%
A P Bank Ltd.	12½%
Henry Ansbacher	12½%
Associates Cap. Corp.	12½%
Banco de Bilbao	12½%
Bank of Credit & Cmce.	12½%
Bank of Cyprus	12½%
Bank of N.S.W.	12½%
Banque Belge Ltd.	12½%
Banque du Rhone et de la Tamise S.A.	13 %
Barclays Bank	12½%
Barnett Christie Ltd.	13½%
Bremar Holdings Ltd.	13½%
Brit. Bank of Mid. East	12½%
■ Brown Shipley	12½%
Canada Perm't Trust	12½%
Cayzer Ltd.	12½%
Cedar Holdings	12½%
■ Charterhouse Japhet	12½%
Choulartons	12½%
C. E. Coates	12½%
Consolidated Credits	12½%
Co-operative Bank	*12½%
Corinthian Securities	12½%
Credit Lyonnais	12½%
Duncan Lawrie	12½%
The Cyprus Popular Bk.	12½%
Eagil Trust	12½%
English Transcont.	12½%
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
■ Antony Gibbs	12½%
Greyhound Guaranty	12½%
Grindlays Bank	‡12½%
■ Guinness Mahon	12½%
■ Hambros Bank	12½%
■ Hill Samuel	§12½%
C. Hoare & Co.	†12½%
Julian S. Hodge	13½%
Hongkong & Shanghai	12½%
Industrial Bk. of Scot.	12½%
Keyser Ullmann	12½%
Knowsley & Co. Ltd.	14½%
Lloyds Bank	12½%
London Mercantile	12½%
Edward Manson & Co.	13½%
Midland Bank	12½%
■ Samuel Montagu	12½%
■ Morgan Grenfell	12½%
National Westminster	12½%
Norwich General Trust	12½%
P. S. Refson & Co.	12½%
Rossminster	12½%
Royal Bk. Canada Tst.	12½%
Schlesinger Limited	12½%
E. S. Schwab	13½%
Security Trust Co. Ltd.	13½%
Shenley Trust	14 %
Standard Chartered	12½%
Trade Dev. Bank	12½%
Trustee Savings Bank	12½%
Twentieth Century Bk.	13½%
United Bank of Kuwait	12½%
Whiteaway Laidlaw	13 %
Williams & Glyn's	12½%
Yorkshire Bank	12½%

■ Members of the Accepting Houses Committee
* 7-day deposits 10%, 1-month deposits 10¼%.
† 7-day deposits on sums of £10,000 and under 10%, up to £25,000 10½% and over £25,000 10¾%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 10%.

NOTES: Overseas prices shown below exclude \$ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
⊕ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m% tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. u Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. ∆ Interim since increased.

GERMANY ◆

Jan. 15	Price Dm.	+ or —	Div. %	Yld. %
AEG	76.4	—0.2	—	—
Allianz Versich.	505	+1	31.2	3.1
BMW	232	+3	28.12	6.1

TOKYO ¶

Jan. 15	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	360	+3	14	2.9
Canon	532	+17	12	1.4
Casio	870	—25	25	1.4
Chinon	379	+8	20	1.3

AMSTERDAM

BRUSSELS/LUXEMBOURG

SWITZERLAND ⊕

COPENHAGEN ♣

MILAN

VIENNA

AUSTRALIA

Jan. 15	Aust. \$	+ or —
ACMIL (25 cents)	†0.71	......
Acrow Australia	†0.95	......
AMATIL \$1	†2.17	+0.01
Ampol Exploration	†1.45	—0.02
Ampol Petroleum	†0.75	......

PARIS

STOCKHOLM

BRAZIL

Jan. 15	Price Cruz	+ or —	Cruz Div.	Yld. %
Acesita	0.82	+0.01	0.12	14.6
Bancodo Brazil	1.65	......	0.15	[illegible]
Banco Itau PN	1.65	+0.05	0.37	22.4
Belgo Mi'eira OP	1.08	+0.02	0.08	[illegible]

OSLO

JOHANNESBURG

MINES

INDUSTRIALS

Securities Rand U.S.\$0.63 (Discount of 45.2%)

SPAIN ♥

Indices

NEW YORK—DOW JONES

	Jan. 12	Jan. 11	Jan. 10	Jan. 9	Jan. 8	Jan. 5	1978-79 High	1978-79 Low	Since Compilat'n High	Since Compilat'n Low
◆Industrials	836.28	828.05	824.95	831.43	828.14	830.79	907.74 (8/9)	742.12 (22/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds.	84.11	84.36	84.27	84.49	84.50	84.49	90.88 (4/1/78)	84.11 (12/1/79)	—	—
Transport	217.57	215.48	214.50	216.60	216.01	217.37	261.48 (8/9)	199.31 (9/1/78)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	102.00	101.26	101.22	101.29	101.45	101.38	110.98 (5/1)	97.75 (28/12)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's†	37,290	24,590	25,080	27 340	21,440	28,980	—	—	—	—

◆ Day's high 843.38 low 830.04

	Jan. 5	Dec. 29	Dec. 22	(Year ago approx.
Ind. div. yield %	5.84	6.03	6.00	5.54

STANDARD AND POORS

	Jan. 12	Jan. 11	Jan. 10	Jan. 9	Jan. 8	Jan. 5	1978-79 High	1978-79 Low	Since Compilat'n High	Since Compilat'n Low
‡ Industrials	111.41	110.46	110.02	110.66	110.08	110.48	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	99.93	98.10	98.77	99.53	98.80	99.13	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/63)	4.40 (1/6/32)

	Jan. 10	Jan. 3	Dec. 27	Year ago (approx.)
Ind. div. yield %	4.91	5.04	5.10	4.90
Ind. P/E Ratio	8.93	8.84	8.74	9.13
Long Gov. Bond yield	8.98	8.96	8.92	8.02

N.Y.S.E. ALL COMMON

Jan. 12	Jan. 11	Jan. 10	Jan. 9	1978-79 High	1978-79 Low
56.31	56.42	56.25	55.56	60.38 (11/9)	48.37 (6/3)

Rises and Falls

	Jan. 12	Jan. 11	Jan. 10
Issues Traded	1,865	1,839	1,883
Rises	1,204	717	589
Falls	332	658	858
Unchanged	329	464	436
New Highs	—	—	33
New Lows	—	—	9

	Jan. 12	Jan. 11	Jan. 10	Jan. 9	1978-79 High	1978-79 Low
MONTREAL Industrial	229.08	225.64	226.17	226.61	229.08 (12/1/79)	162.98 (16/2)
MONTREAL Combined	253.61	251.01	251.52	252.01	253.61 (12/1/79)	170.82 (30/1)
TORONTO Composite	1360.1	1346.6	1345.6	1348.2	1369.1 (12/1/79)	998.2 (30/1)
JOHANNESBURG Gold	247.8	248.5	249.1	251.1	272.9 (14/8)	198.8 (20/4)
JOHANNESBURG Industrial	285.4	282.1	281.3	278.9	285.4 (12/1/79)	194.9 (13/3)

	Jan. 15	Previous	1978-9 High	1978-9 Low
Australia(¶)	584.42	582.90	586.79 (22/9)	411.19 (1/3)
Belgium (‖)	102.05	101.39	102.05 (15/1/79)	90.43 (23/6)
Denmark(**)	99.00	98.87	98.96 (14/6)	88.06 (30/10)
France (††)	79.4	78.6	83.0 (4/10)	47.8 (3/2)
Germany(‡‡)	836.0	837.50	883.8 (19/10)	759.4 (17/5)
Holland (§§)	85.0	84.5	93.1 (11/8)	76.0 (4/4)
Hong Kong(¶¶)	525.39	532.89	707.70 (4/9)	383.4 (13/4)
Italy (‖‖)	69.39	70.79	82.35 (25/9)	55.45 (10/1)
Japan (a)	(c)	469.57	469.57 (12/1/79)	364.04 (4/10)
Singapore(b)	365.00	356.22	414.50 (8/9)	252.0 (9/1)
Spain (d)	(c)	93.03	93.09 (12/1/79)	93.03 (12/1/79)
Sweden (e)	375.04	375.43	408.00 (4/8)	325.74 (3/1)
Switzerld(f)	303.3	303.6	325.1 (14/2)	261.6 (26/9)

Indices and base dates (all base values 100 except NYSE All Common—50; Standards and Poors—10; and Toronto 300—1,000; the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 30/12/77. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Xerox	512,300	60⅞	+1
McGraw-Hill	483,300	33⅝	+⅛
Sears Roebuck	456,200	21⅝	+⅛
Boeing	380,600	78	+⅝
Bally Mfg.	321,400	56⅜	+2⅞
EastMan Kodak	317,100	62⅞	+⅞
Texaco	282,800	24⅛	+⅛
K. Mart	255,300	23⅜	+⅛
IBM	245,900	312	+⅞
Merck	243,000	70⅞	+⅛

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Lead market fails to hold early surge in prices

BY JOHN EDWARDS, COMMODITIES EDITOR

LEAD PRICES fell back on the London Metal Exchange yesterday, after cash lead soared to a new all-time peak of £528 a tonne in early trading.

Eventually cash lead closed at £517.5 a tonne, £1.5 down on Friday. The three months quotation ended £4.5 up at £467 after trading at £473 earlier.

The downturn was attributed to the fact that the major buyer, who is estimated to have purchased some 14,000 tonnes of lead recently, withdrew as a buyer in the afternoon leaving the somewhat overbought market vulnerable to profit-taking sales.

However, the undertone of the market remains strong, buoyed up by the continuing shortage of nearby supplies and recent increases by U.S. producers. Stocks held in LME warehouses, in fact, showed a small rise of 250 tonnes, increasing total holdings to 15,650 tonnes when an unchanged figure had been predicted.

Nevertheless it is estimated that more than 3,000 tonnes of the warehouse stocks, which are at the lowest level since October, 1974, are already committed for shipment out. At the same time, the wide gap between the cash price and three months quotation which narrowed yesterday, is still an incentive for forward buying, with the premium working in the purchaser's favour as delivery date moves nearer.

Speculators, who have had their fingers badly burnt in the lead market previously, are reported to be acting cautiously on this occasion and the main demand is coming from Eastern Europe and the trade generally.

The decision by U.S. lead producers to raise their domestic prices by 2 cents to 40 cents a lb provides confirmation that demand for lead is also strong on the other side of the Atlantic, boosted by the cold weather increasing demand for batteries.

Copper values in London, which came under some heavy pressure from profit-taking sales, were also sustained by the *rise in U.S. domestic prices* and a firmer than expected opening on the New York market.

After moving up initially to reflect the rise in New York on Friday and the early weakness of sterling, copper then started to decline on expectations of the long overdue technical reaction after the recent surge in prices.

However the reaction, which some dealers are said to be awaiting eagerly in order to buy again at cheaper levels, failed to materialise and prices closed slightly higher.

As expected copper stocks held in the LME warehouse fell steeply last week by 16,575 tonnes. This reduced total holdings to 352,775 tonnes, and there are forecasts of further substantial outgoings in the weeks ahead. The declin in stocks, which have falln by more than 288,000 tonnes during the past 12 months, is providing a very steady undertone to the market.

Meanwhile efforts to settle the four-month strike at International Nickel's Sudbury mines, which produce the company's copper output, suffered a setback when the union representatives broke off talks.

The company said it was willing to resume negotiations at any time, but the union representatives were apparently insistent on debating a so-called "grievance" issue.

Other metal markets were much less active than copper and lead. A lower than expected rise in tin stocks, up by 65 tonnes to a total of 1,825 tonnes, brought a small increase in the cash price. But the forward quotation was lower reflecting the decline in Penang over the weekend.

Zinc stocks fell by 825 to 67,475 tonnes, while aluminium stocks rose by 3,450 to 7,325 tonnes. LME silver holdings fell by 820,000 to 22,150,000 ounces.

German demand fall hits cocoa prices

BY RICHARD MOONEY

DISAPPOINTING WEST German consumption figures hit cocoa prices on the London futures market yesterday.

Most traders thought cocoa bean grindings in West Germany during the final quarter of last year were unchanged to five per cent higher compared with the same three months in 1977.

But the German Confectionery Association announced yesterday that the figure actually fell 5.7 per cent to 38,847 tonnes.

Dealers responded by marking nearby prices down about £35 a tonne early in the morning. After a modest rally in the afternoon the May position closed £18.75 lower at £1,899.5 a tonne — the lowest level for more than four months.

Yesterday's fall follows a £60 decline on Friday where a surprisingly high Ghana purchase figure was published.

One London trader said yesterday that the market's dramatic response to this news illustrated its current "bearish" tone. "The difference between unchanged and five per cent down on the West German grind is only equivalent to a couple of thousand tonnes of cocoa and 11,800 tonnes Ghana purchase figure (7,000 tonnes had been forecast) probably resulted from distortions caused by the Christmas and New Year holiday," he said.

Dealers also suggested that the true significance of the West German grind figure would not be apparent until figures for imports of cocoa products imports during December were published. They thought the lower grindings probably reflected increased use of cocoa butter and cocoa cake in chocolate production.

Russia asks more for timber

By A Correspondent

THE INCREASE in world timber prices, which has been evident since the late summer of last year, was confirmed at the weekend by the first offer of Soviet softwood to the UK market for 1979 shipment.

Exportles, the Soviet selling organisation for forest products, has circulated an offer for a nominal quantity of 450,000 cubic metres of softwood at prices which, averaged over the five main grades, show an increase of just over 12 per cent compared with last year.

Prices in the schedule are linked to the Swedish krona as before. But the datum point is fixed at SwKr 8.70 to the pound, against 9.00 last time. The bands on either side, which trigger price changes, have been reduced to four and tightened. Importers have until January 23 to submit their offers.

Initial reaction of the UK importers was that the timber is realistically priced and it was thought that the offer would go well. The bulk of the wood offered is for shipment from June onwards with a handful for April/May so that the present troubles at the ports will have no immediate bearing on the situation.

It is thought that the Russians will want to maintain their total share of the UK softwood market at their previous figure of about 1.4m cubic metres.

West Malaysia palm oil crop rise forecast

PALM OIL production in West Malaysia in the October-September 1978-79 season is expected to increase by 470,000 tonnes to 1.93m tonnes from 1.46m last season, Oil World, the Hamburg-based publication, said yesterday.

This increase is despite moderate acreage expectations and an anticipated yield per hectare still well below the normal monthly average.

India plans cotton sale

NEW DELHI—India will export 50,000 bales of a cotton variety known as Bengal Deshi, the Textile Commissioner said here yesterday.

Of this, 10,000 bales will be exported by the state-owned Cotton Corp of India, and the rest by exporters who have been invited to make applications.

The Government raised the export duty on the variety to Rs 2,500 (£150) a tonne from Rs 700 earlier this month.
Reuter

Australian wool sales decline

SYDNEY—Australian wool sales at auction fell to 1.52m bales in the first half to end-December of the 1978-79 season from 1.69m in the same period a year earlier, the National Council of Wool Selling Brokers reported.
Reuter

AGRICULTURE IN 1978

UK farm incomes fall

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

YESTERDAY'S PUBLICATION of the 1979 Annual Review of Agriculture is but a shadow of what these occasions used to be before Britain joined the Common Market.

The review used to be the basis of the annual price fixing battle with the farming unions. This year's document is no more than an assessment of the state of the industry. But it can be used in argument with the Minister of Agriculture when trying to persuade him to allow the Green Pound to be devalued at the next EEC price review this spring.

A devaluation of the Green Pound is, in fact, the only area which is at th ediscretion of the British Government and even this is to some extent subject to the Council of Ministers. Undoubtedly though the farmers' unions will use the review as the basis for a further demand for substantial devaluation from the present level of about 30 per cent.

There was a substantial increase in net production in 1978 of about 5½ per cent over that of 1977. But the industry's net income after rising by 15 per cent in 1977 has fallen. It is expected to be down by 3½ per cent in 1978. In real terms this amounts to a *fall* of about 11 per cent. This is bound to be seized upon by the farming unions in their quest for higher prices.

Howevr, the production figures do not seem to show as yet the harmful effects that might have been expected. Indeed, the trends disclosed could lead to more embarrassment than satisfaction. Milk production is showing a substantial increase and the signs are that it will continue to do so.

So far the Milk Marketing Boards have managed to dispose of everything produced either for liquid or manufacturing sales have exceeded those for the liquid market.

It is expected that the increase will lead to Britain supplying 40 per cent of domestic butter needs as against 22 per cent previously. This is bound to add to the problems of the rest of the Community where over 400,000 tonnes of butter are already in store.

So far neither the farmers' unions or the Ministry seem to have accepted the fact that British production of milk or anything else is not something separate from that in the rest of the Community: They appear to insist that the UK domestic market belongs to the British and that surpluses belong across the channel.

Milk production in the Community as a whole is already some 16 per cent above demand which is still falling; and one day some harsh decisions will have to be made.

The problem is that dairy farming is the most efficient use of resources for most of the resources for most of the smaller farms in the Community that have suitable land. Successive reviews have shown pure beef and sheep production—the alternative uses of such land—are not as viable and that whatever happens to the Green Pound or in Brussels milk production *is almost bound to go* on increasing.

Of the other products, specialist cereals have had a good year. The falls in the profitability of arable farming were chiefly due to the collapse in potato prices since the high returns of 1975/6. It is important to note that if a Green Pound devaluation were to be applied across the board the increasing costs of cereal feed would make things difficult for pig and poultry farmers.

What the review does show is that all the indicators of confidence, land prices, rents and investment are well up for the present year. Whatever happens, short of a climatic disaster production, particularly of milk is almost certain to go on rising.

Good year for French agriculture

BY DAVID WHITE IN PARIS

CROSSING THEIR fingers, and with a watchful eye on Brussels, most French farmers can now consider that things are back to normal.

Last year was the first since 1974 that turned out right. With granaries full, cattle fat and climatic disasters taking a year off, it is almost as if the good times of the early 1970s — big export growth and a flourishing farm surplus — are back again.

On the basis of November figures, the French Agriculture Ministry believes that farm deliveries for last year were up by 5 per cent and actual production by slightly more. Exports picked up again with a 20 per cent increase, an improvement more marked in sales outside the EEC than within it.

France's balance in farm trade, which showed declining surpluses and then a big deficit in 1977, was back in surplus to the tune of at least FFr 1.2bn ($280m). This was well down on 1970-74 levels, but some FFr 5bn ($1.2bn) better than the previous year.

But the *real measure* of the improvement was that for the first time in four years French farmers saw their revenue increase, by just under 1 per cent in real terms.

"Nineteen hundred and seventy-nine should be a green year," says M. Pierre Mehaignerie, Agriculture Minister, peering into a crystal ball that so far looks more frosty-white than green. Farmers in Northern Britanny are already bewailing possible catastrophes for their famous artichokes and cauliflowers, but official indications are that very little else has succumbed to the January blizzards. Cereals, above all, do not appear badly hit.

It is on cereals that France's farm growth has largely depended. Along with wine and spirits they dominate the export scene. Cereal exports rose 47 per cent in value in the first 11 months of last year.

A 16 per cent production increase set a new record. Output of soft wheat reached an all-time high of more than 20m tonnes. Barley and maize production rose 11 per cent, thanks to better barley yields and increased acreage under maize.

The sugar beet crop was good, *although it fell short of the* previous year's record. Another good year for potatoes and a less weather-beaten one for fruit, especially apples, meant that prices were lower. But in terms of both market supply and farmers' income the fruit business was in better shape. Tobacco and oilseeds could only do better after an awful 1977.

The vineyards also did better, but not by much. The harvest went up from 5.3bn litres to 5.9bn on the other hand stocks were drained off and prices went up by 20 per cent for quality wines. So, despite the low harvest, wine-growers' income increased.

It is in the other half of French farming—livestock—that the troubles begin. France could not produce enough beef to meet the rise in consumption, although the authorities are optimistic that beer production is now at the end of a cyclical trough.

Sheep farmers were equally unable to benefit from higher consumption, until borders with non-EEC countries were closed in October.

Pig-farming is in the worst state. It is here that France sees its problems *vis-a-vis* the EEC system of green currencies *and Monetary Compensation* Amounts carried, to the point of caricature. The Government has promised farmers special measures to protect their revenue and to keep production up in the face of "abusive competition."

The risks borne by livestock breeders mean that French agriculture is leaning more and more towards cereals, whereas it needs meat.

While it is looking better, French farming is neither well-balanced nor robust

French agriculture still has large reserves of strength. France has as much arable land as any other two EEC countries together, produces as much sugar beet and cereals as West Germany plus the UK, as much butter and beef as the Germans, in a good year as much wine as Italy.

However, French farming has still to come to terms with its inbuilt weaknesses. Principal among these are lagging productivity, galloping and crippling debt, and the rising cost of import requirements

INRA, the French farm research body, warned in 1977 that increasing exports would mean increasing imports as well. Could a situation like the Iran crisis provoke another price panic? M. Mehaignerie is not confident enough to predict what France's farm balance will look like in 12

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Barely changed in active trading on the London Metal Exchange. After opening at £847 reflecting the weakness of sterling, the performance on Comex on Friday and forecasts of a heavy decline in warehouse stocks, forward metal fell away to £838.5 in the rings following profit-taking sales. In the afternoon fresh buying coupled with a better-than-expected opening on Comex saw forward metal rise to close at £840 on the late kerb. Turnover 18,200 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	821-.5	—3.5	825-.5	+.5
3 months	856.5-7	—1.5	840-.5	+1
Settl'm't	821.5	—3.5	—	......
Cathodes				
Cash	804-.5	—5	806-8	—.5
3 months	823-.5	—5	826-7	+2.5
Settl'm't	804.5	—5	—	......
U.S. Smt.	—	......	*73-5	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £821.5, three months £840, 38, 38.5, 38, 37, 36.5, 37, 38.5. Cathodes, cash £804.5, three months £823.5. Kerbs: Wirebars, three months £838.5, 37, 36.5. Afternoon: Wirebars, cash £824, 25, three months £839.5, 39, 39.5, 40, 40.5. Kerbs: Wirebars, three months £840, 39, 39.5, 39, 40.

TIN—Lower for forward metal reflecting a downturn in the Penang market. Forward metal opened at £6,700 but rallied to £6,750 following the weakness of sterling, and a widening in the backwardation to around £80 which reflected a tightening of the nearby supply situation. In the afternoon forward metal rose afresh to £6,760 but then eased on profit-taking to close at £6,745. Turnover 1,635 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6860-70	+70	6840-50	+5
3 months	6750-75	+22.5	6755-75	—32.5
Settlem't	6870	+75	—	......
Standard				
Cash	6835-40	+57.5	6830-40	+10
3 months	6740-5	+52.5	6750-5	—10
Settlem't	6840	+55	—	......
Straits E.	£21775	—25	—	......
New York	—	......	—	......

Morning: Standard, cash £6,820, 30, 35; three months £6,740, 35, 40. High Grade, cash £6,850, 60. Kerbs: Standard, cash £6,840; three months £6,740. Afternoon: Standard, cash £6,830; three months £6,745, 49, 50. High Grade, cash £6,840. Kerbs: Standard, three months £6,750, 55, 50, 45, 50, 60, 45.

LEAD—Higher again for three months material but well below the day's highest levels. Forward metal opened at £464 and moved ahead strongly to touch a record £473 following renewed covering against physical demand. However at this level profit-taking caused a sharp reversal and the price dipped thereafter to close at £458 on th late kerb. Turnover: 14,550 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	526-7	+28.5	515-20	—1.5
3 months	470-1	+14	466.5-7.5	+4.5
Settlem't	527	+20	—	......
U.S. Spot	—	......	*40-42	......

Morning: Cash £560.5, 60, three months £375, 74, 73, 72, 73, 72.5, 72. Kerbs: Three months £372. Afternoon: Cash £361, three months £373, 73.5, 72, 71. Kerbs: Three months £371, 71.5, 72.

ZINC—Lower on balance, reflecting the trend in copper and lead. After rising to £378 on the pre-market forward metal attracted profit-taking which pared the price to £370.5 on the late kerb. Turnover 3,400 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	360-.5	+.5	358.5-9.5	—3.5
3 months	372-.5	+1.5	371-.5	+2.25
S'ment	360.5	+.5	—	......
Prim. west	—	......	*34.5-55	......

Morning: Three months £628, 27.5. Afternoon: Three months £627. Kerbs: Three months £627.5, 28.

ALUMINIUM—Easier. Forward metal opened at £631 but was marked down reflecting the trend in copper. In the afternoon the price eased to £626.5 but recovered to close at £627.5 on the late kerb. Turnover 2,000 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£		£	
Spot	628.5-9	—1.25	627.5-8	—5.5
3 months	627.5-8	—.75	626.5-7	—4

Morning: Cash £520, 25, 27, 28, 29, three months £465, 66, 67, 69, 70, 69.5, 70, 71, 73, 71, 70. Kerb: Three months £470, 69.5, 69, 68, 68.5. Afternoon: Cash £520, 22, three months £468, 67.5, 69, 70, 69.5, 69, 68, 67. Kerb: Three months £467, 66, 63, 61, 64, 63, 62, 63, 60, 61, 60, 59.

* Cents per pound. $ $M per picul. † On previous unofficial close.

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LONDON COMMODITY CHARTS

Daily High/Low/Close Charts with 5-, 10- and 20-day Moving Averages updated to Friday's close.
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SILVER

Silver was fixed 0.25p an ounce *lower for spot delivery in the London* bullion market yesterday at 298.0p. U.S. cent equivalents of the fixing levels were: spot 594.2c, up 0.7c; three-month 607.2c, up 0.9c; six-month 619.5c, up 1.7c; and 12-month 646.3c, up 1.7c. The metal opened at 299½-300½p (594½-596c) and closed at 298½-299½p (595-596½c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	298p	—1.25	298.2p	—0.1
3 months	306p	—0.25	306.15p	—0.5
6 months	313.3p	—0.15	—	......
12 months	329.3p	—0.5	—	......

LME—Turnover 66 (200) lots of 10,000 ozs. Morning: Three months 306.4, 06.3, 06. Kerbs: Three months 306, 06.2. Afternoon: three months 306.2, 06.4, 06.2. Kerbs: three months 306.4, 06.5.

COCOA

A disappointing West German grind figure caused cocoa futures to weaken further but short covering later in the *day effected some* support for prices to close £20 down from Friday's levels, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
March	1860.0-61.0	—18.0	1870.0-42.0
May	1899.0-19.0	—18.75	1907.0-1880
July	1917.0-19.0	—18.50	1924.0-03.0
Sept	1942.0-48.0	—8.50	1962.0-35.0
Dec	1973.0-79.0	+3.50	1975.0-60.0
March	1977.0-85.0	+5.50	—
May	1982.0-90.0	+150	—

Sales: 3,450 (5,435) lots of 10 tonnes. International Cocoa Organisation (U.S. cents per pound): Daily price for Jan. 12 168.69 (174.47). Indicator price for Jan. 15 15-day average 175.47 (175.98); 22-day average 176.33 (176.89).

COFFEE

A quiet day saw Robustas generally steady in hesitant conditions, Drexel Burnham Lambert reported. Trade buying underpinned the market indicating physical interest but few postings were reported. At he close values were £10 to £20 higher on balance after profit-taking trimmed gains.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
January	1617-1618	+10	1626-1615
March	1550-1551	+08	1560-1548
May	1251-1252	+18	1261-1246
July	1205-1206	+15	1218-1201
September	1170-1172	+18	1182-1165
November	1138-1140	+12.5	1140-1155
January	1110-1120	+14.5	—

Sales: 2,044 (3,333) lots of 5 tonnes. ICO Indicator prices for Jan. 12 (U.S. cents per pound): Colombian Mild Arabicas 170.00 (171.00); unwashed Arabicas 136.00 (same); other Mild Arabicas 129.00 (128.26); Robustas ICA 1976 133.00 (133.50); Robustas ICA 1968 134.00 (134.50); Daily average 131.18 (131.25).

GRAINS

LONDON FUTURES (GAFTA)—The market opened unchanged. Wheat values increased on good country buying interest to trade 35p higher on January commercial selling at these levels. Values eased back slightly in fairly thin volume to close 10p higher to 5p lower on old crops. Barley traded 25-30p higher, the main volume being in March/May options. Values eased slightly in the afternoon session on commercial selling to close 5p higher and 15-20p higher on March/May. New crops saw very little trade and closed 10-15p lower on wheat and 5-10p lower on barley, Acli reported.

WHEAT M'nth	Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Jan	91.35	+0.10	84.35	+0.05
Mar	93.15	......	86.25	+0.2
May	95.80	—0.05	88.80	+0.15
Sept	90.05	—0.10	84.20	—0.10
Nov	92.90	—0.15	87.20	—0.05

Business done—Wheat: Jan. 91.60-91.40, March 93.40-93.15, May 96.05-95.80, Sept. 90.20-90.20, Nov. 93.00-93.00. Sales: 72. Barley: Jan. 84.60-84.50, March 86.30-86.10, May 88.80-88.65, Sept. 84.20-84.20, Nov. 87.20-87.20. Sales: 136.

HGCA—Location ex-farm spot prices. Feed wheat: Cambridge 89.20. Feed barley: Cambridge 81.90.

The UK monetary coefficient for the week beginning Jan. 22 (based on HGCA calculations) is expected to increase to 1.282.

HGCA—Average ex-farm spot prices for week ending January 11. Other milling wheat—S.E. 90.00, S.W. 91.50, East 90.20, E. Midlands 90.60, W. Midlands 91.50, N.E. 90.70, UK 90.50. Feed barley—S.E. 80.70, S.W. 81.30, East 82.00, E. Midlands 81.10, W. Midlands 80.80, N.E. 81.40, N.W. 81.30, Scotland 81.50, UK 81.30. UK forward prices for delivery during March Milling wheat (bread) 95.40, Milling Wheat (other) 93.30, Feed Wheat K 91.10, Malting Barley 88.10, Feed Barley 84.10. April Milling Wheat (bread) 97.10, Milling wheat (other) 94.70, Feed Wheat K 92.40, Malting Barley 99.00, Feed Barley 85.00.

MARK LANE—Quiet market due to confusion over haulage strikes. Nominal values: Milling wheat delivered London area—Feb. £93.50; March £95.00; April/May/June £99.00. Denaturable quality wheat, delivered East Anglia—Feb. £92.00; March £93.75; April†May/June £97.50. Feed barley, delivered East Anglia—Feb. £86.50; March £87.50; April/May/June £90.00.

IMPORTED—Wheat: CWRS No. 1 13½ per cent unquoted. U.S. Dark Northern Spring No. 2 14 per cent. Jan.-Feb.-March 91.50 transhipment East Coast April-May 87.00 direct Tilbury. U.S. Hard Winter 13½ per cent Jan.-Feb.-March 87.25, transhipment East Coast. EEC unquoted. Maize: U.S./French unquoted, French Jan. 107.50 quoted 3 East Coast. S. African white Jan. 69.00. S. African yellow Jan. 69.00. Barley: English feed fob Jan. 87.00, Feb. 87.75 April-June 90.75 to 91.00 as to quantity East Coast.

PRICE CHANGES

Price in tonnes unless otherwise stated.

	Jan. 15 1979	+ or —	Month ago
Metals			
Aluminium	£710	......	£710
Free market (cts)	$1,225/55	......	$1,170/80
Copper cash W Bar	£825.25	+0.5	£768
3 months do. do.	£840.25	+1.0	£784.25
Cash Cathode	£807	—0.5	£754
3 months do. do.	£826.5	+0.25	£772.25
Gold Troy oz.	$219.925	—1.25	$212.875
Lead cash	£517	—1.5	£427
3 months	£467	+4.5	£402.25
Nickel	‡	......	‡
Free Market(cif)(lb)	$1.65 1.76	......	$1.68 1.80
Platinum troy oz.	£152	......	£156
Free Market	£173.85	—0.45	£172
Quicksilver	$188/200	+2.0	$148/55
Silver troy oz.	298p	—0.25	298p
3 months	306p	—0.25	306.25p
Tin cash	£6,835	+10.0	£7,020
3 months	£6,752.5	—10.0	£6,932.5
Tungsten (a)	$140.39	......	$142.65
Wolfram 22.04 cif	$127/133	—2.0	$137/45
Zinc cash	£359	—3.5	£355.75
3 months	£371.25	—2.25	£347
Producers	$720	......	$720
Oils			
Coconut (Phil)	$1000r	+10.0	$930
Groundnut	‡	......	£1,010
Linseed Crude	£372	......	£336
Palm Malayan	$640s	+5.0	$613
Seeds			
Copra Philip	$570	—20.0	$600
Soyabean (U.S.)	$292r	+3.0	$285
Grains			
Barley			
Home Futures	£86.35	+0.2	£85.5
Maize			
French No. 3 Am	£107.5	......	£106
Wheat			
No. 1 Red Spring	‡	......	£96
No. 2 Hard Winter	£87.25q	+1.5	£87.25
English Milling †	£93.5x	......	£93.5
Other Commodities			
Cocoa Shipment	£1,950	—18.5	£2,032
Future May	£1,899.5	—18.75	£1,981.5
Coffee Future Mar.	£1,550.5	+9.0	£1,269.5
Cotton 'A' Index	76.85c	+1.2	78.95c
Rubber kilo	55p	—0.75	56.25p
Sugar (Raw)	£96	+2.0	£102
Wooltops 64s (kilo)	268p	......	271p

* Nominal. † New crop. ‡ Unquoted. n Jan.-March. q Jan.-Feb. r Feb.-March. s March. t Feb. x per ton. z Indicator.

RUBBER

EASIER opening on the London physical market. Little interest throughout the day, closing on a weak note. Lewis and Peat reported the Malaysian godown price was 236 (238) cents a kilo (buyer, February).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
Feb.	55.65-55.75	56.50-57.20	56.50-55.75
Mar.	56.25-56.40	57.50-57.85	57.30-56.40
Apr-Jne	57.55-57.70	59.25-58.35	58.50-57.65
Jy-Sept	59.75-59.80	61.40-61.50	61.35-59.75
Oct-Dec	61.85-61.90	63.55-65.60	65.50-61.90
Jan-Mar	63.95-64.00	65.80-65.85	65.25-64.00
Apr-Jne	66.10-66.20	66.95-68.10	67.50-66.10
Jy-Sept	68.25-68.35	70.25-70.30	69.00-68.25
Oct-Dec	70.40-70.45	72.40-72.45	72.00-70.40

Sales: 102 (1) lots of 5 tonnes; 370 (377) lots of 15 tonns.

Physical closing prices (buyers) were: Spot 55p (55.75). Feb. 56.75p (57.75); March 57.25p (58.25).

SOYABEAN MEAL

	Yesterday's Close	+ or —	Business Done
	£ per tonne		
February	128.60-28.8	+1.60	28.50-27.50
April	126.70-26.8	+1.60	27.00-25.20
June	125.30-24.0	+1.00	24.10-25.50
August	124.20-24.8	+1.85	—
October	125.50-25.5	+0.35	24.50
December	128.00-25.0	—0.50	—
February	128.50-26.5	......	—

Sales: 106 (96) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICES (raw sugar) £96.00 (£94.00) a tonne cif for Nov.-Dec. shipment. White sugar daily price was fixed at £96.00 (£95.00).

Reports that 100,000 tons of EEC whites had been exchanged for Cuban raws lifted prices some 50 points at the opening. However, there was no follow-through on the upside and the highs were soon lost. The decline accelerated following weaker New York quotations and the market closed at the lows, some 150 points below the best levels, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
March	105.10-05.25	105.20-05.25	06.00-05.00
May	105.75-05.80	105.40-05.50	07.15-05.50
Aug.	109.70-09.75	109.25-09.85	11.40-09.50
Oct.	112.60-12.70	112.25-12.35	14.25-12.50
Dec.	114.80-15.00	114.50-15.00	16.00-15.85
March	[illegible]	118.45-18.75	21.00-18.75
May	121.50-22.90	122.00-22.75	—

Sales: 1,301 (1,897) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.85 (same) a tonne for home trade £168.00 (£166.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for Jan. 12: Daily 7.61 (7.63); 15-day average 7.77 (7.81).

WOOL FUTURES

LONDON GREASY—Close (in order buyer, seller). March 208.0, 210.0; May 214.0, 218.0; July 220.0, 225.0; Oct. 234.0, 240.0; Dec. 235.0, 242.0; March 236.0, 244.0; May 239.0, 250.0; July 239.0, 250.0. Sales: Nil.

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron Contract: March 349.1, 349.4, 350.5-349.5, 13; May 356.5, 357.5, nil, nil; July 361.5, 362.2, nil, nil; Oct. 363.7, 364.2, 364.0-364.0, 2; Dec. 367.5, 368.0, 368.0-368.0, 1; March 369.0, 370.5, 370.0-370.0, 2; May 371.5, 373.0, 372.8-372.7, 2; July 372.6, 376.0, nil, nil. Sales: 20.

BRADFORD—UK lorry strike problems are causing sufficient disruption for some employees to be laid off. Generally stocks are sufficient to ensure some activity for a couple of weeks. However, there is much anxiety about the longer term effects of the strike.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Eire hindquarters 75.0 to 78.0, forequarters 47.0 to 48.0.

Veal: Dutch hinds and ends 99.0 to 106.0.

Lamb: English small 60.0 to 65.0, medium 58.0 to 64.0, heavy 62.0 to 50.0.

Pork: English, under 100 lb 36.5 to 46.0, 100-120 lb 37.0 to 45.0, 120-160 lb 35.0 to 43.0.

Partridges: Young (each) 180.0 to 200.0.

Pheasants: Best (per brace) 300.0 to 320.0.

MEAT COMMISSION—Average fatstock prices at representative markets on week ending January 13. GB—Cattle 74.0p per kg.l.w. (+1.23). UK—Sheep 139.0p per kg.est.d.c.w. (—0.5). GB—Pigs 62.3p per kg.l.w. (—1.6). England and Wales: Cattle numbers up 46.7 per cent, average price 73.98p (+1.13). Sheep numbers up 30.2 per cent, average price 139.2p (—0.6). Pig numbers up 36.6 per cent, average price 62.2p (—1.6). Scotland: Cattle numbers up 89.0 per cent, average price 74.05p (+2.02). Sheep numbers up 21.7 per cent, average price 135.2p (+1.7). Pig numbers up 53.8 per cent, average price 65.2p (—0.2).

COVENT GARDEN: Prices in sterling per package except where otherwise stated: Imported Produce: Lemons—*Italian: 120s new crop 5.75-1.00; Cyprus:* Trays 4.50-5.50, Boxes 80/180s 4.50-8.00; Californian: Cartons 90/165s

JUTE—Jan./Feb., c and f Dundee: BWC £250, BWD £249, BTC £269; BTD £255; c and f Antwerp: BWB $570, BWC $525, BWD $511, BTB $572, BTC $541, BTD $524. Jute goods—quiet. Jan./Feb., c and f Dundee: 40/1 £11.10, 40/7.5 £8.46, B Twills £28.85.

At London auction yesterday 53,458 packages were offered. Demand was less general and prices declined on average by 2 to 4p per kilo. Average price indication: quality 135.5 per kilo, medium 116p per kilo, plain 79.p per kilo.

AMERICAN MARKETS

NEW YORK, Jan. 15.

Copper—Jan. 72.35 (72.10), Feb. 72.70 (72.45), March 73.35, May 74.65, July 75.85, Sept. 76.55, Dec. 77.45, Jan. 77.75, March 78.35, May 79.00, July 79.65, Sept. 80.25.

¶Silver—Jan. 605.20 (597.70), Feb. 600.70 (600.40), March 612.20, May 619.70, July 628.10, Sept. 636.60, Dec. 650.00, Jan. 654.70, March 664.10, May 673.60, July 683.20, Sept. 692.90. Handy Harman Spot 596.80 (598.40).

CHICAGO, Jan. 15.

†Lard—Chicago loose 24.25 (24.50). NY prime steam 25.75 traded (25.00 traded).

‡‡Maize—March 233½-233¾ (232¾), May 242 (240¾), July 246½-242¾, Sept. 248, Dec. 251½, March 259¾.

Soyabeans—Jan. 699-698 (687¾), March 712-710 (700¾), May 720-719, July 723½-723, Aug. 718, Sept. 691, Nov. 678-677½, Jan. 686-685½.

‖Soyabean Meal—Jan. 194.00-193.80 (189.60), March 193.90-193.80 (190.00), May 192.90, July 192.90, Aug. 193.20, Sept. 182.00, Oct. 189.80, Dec. 189.30, Jan. 189.50 nom.

Soyabean Oil—Jan. 25.30-25.25 (24.08), March 25.60-25.55 (25.15), May 25.35-25.32, July 25.20, Aug. 25.20, Sept. 24.45, Oct. 23.85, Dec. 23.75, Jan. 23.60, March 23.50-23.60, May 336½-336 (336½), July 321-321¼.

*Wheat—March 355-354½ (354½), Sept. 324½, Dec. 334, March 343¼ nom.

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100-ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56-lb bushel ex-warehouse, 5,000-bushel lots. § $s per troy ounce for 50-oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered fob cars Chicago, Toledo, St. Louis and Alton. ** Cents per 59-lb bushel in store. †† Cents per 24-lb bushel. ‡‡ Cents per 48-lb bushel ex-warehouse. §§ Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots. ¶¶ C$s per tonne.

EUROPEAN MARKETS

ROTTERDAM, Jan. 15.

Wheat—U.S. No. 2 N. Dark Hard Winter 13.5 per cent Jan.-March $158. U.S. Hard Winter wheat ordinary Jan. $155 Feb.-March $154.50.

Maize: U.S. No. 3 Corn Yellow Jan. $122, Feb. $122, traded AFL $122, March $119.50, *April-June $117, July-Sept.* $117.75, Oct.-Dec. $118 sellers.

Rye: U.S. No. 2 Canadian Western April-May $123.

Oats: U.S./plate—Jan.-Feb. $99, Feb. $99, Feb.-March $99, March-April $99, Swedish—spot $96, 2/40 U.S.—unquoted, Norwegian—Jan. $108.50, 1/Can feed—unquoted.

Sorghum: Argentine/U.S.—AFL $117, Jan. $117, Feb. $118, mid-March/April $108, April-June $106.

Barley: U.S. No. 3 Can ½—all unquoted.

Soyabeans: U.S. 2 Yellow Gulf ports—Jan. $288, Feb. $288, March $287.75, April $285.50, May $284.50, June-July-Aug. $285.25, Sept. $285, Oct. $269.25, Nov. $268, 25, Dec. $271.50, Jan. $275, Feb. $278.50, March $279 sellers.

PARIS, Jan. 15.

Cocoa (in Frs per 100 kilos). March 1538-1540, with 1538-1537-1538-1540. May 1552-1568, July 1560 bid, Sept. 1610-1635, Dec. 1605-1620, March 1601-1625. Sales at call 6. Accumulative total 141.

Sugar (in Frs per 100 kilos)—March 826-829, May 852-854, July 854-864, Aug. 892-902, Oct. 932-936, Nov. 925 *bid*, Dec. 945-960, March 1000-1010. Sales at call 11.

INDICES

FINANCIAL TIMES

Jan. 12	Jan. 11	M'nth ago	Year ago
263.32	261.02	257.75	236.27

(Base: July 1, 1952=100)

DOW JONES

Dow Jones	Jan. 12	Jan. 11	Month ago	Year ago
Spot	379.96	383.75	388.98	344.47
F'tur's	376.15	379.41	386.46	336.63

(Average 1924-25-26=100)

MOODY'S

Moody's	Jan. 12	Jan. 11	M'th ago	Year ago
Sple Comty	994.9	990.5	983.3	884.1

(December 31, 1931=100)

REUTERS

Jan. 15	Jan. 12	M'nth ago	Year ago
1500.5	1501.6	1502.5	1423.7

(Base: September 18, 1931=100)

Manganese ore buying nearly completed

The bulk of European manganese ore buying for 1979 requirements has been concluded following a spurt of business, trade sources said, reports Reuter.

A few contracts have still to be finalised and negotiations continue between buyers and main producers such as Australia, South Africa, Gabon and Brazil.

Prices paid are basically unchanged from last year, dealers said, and the market continues in the range 134 to 140 cents per 100 kilos CIF for basis 48 per cent ferro grade of any origin.

In the UK, a British Steel Corporation (BSC) spokesman confirmed some contracts have been concluded for 1979 at basically unchanged prices.

Tonnages contracted for are not disclosed but purchases by the BSC are more normal this year

Big Soviet soyabean crop

Union's 1978 soyabean crop probably totalled between 600,000 and 700,000 tonnes and could be as high as the record 780,000 tonnes produced in 1975, the U.S. Agriculture Department said yesterday.

The USDA, in its weekly magazine "Foreign Agriculture," said the 1978 crop in Russia was substantially above the 540,000 tonnes produced the previous year.

Meanwhile, it is reported from Rio de Janeiro, that soyabean areas in Rio Grande do Sul, where concern is growing among farmers about lack of rain, remained dry.

The current dry spell has not yet damaged the crop, but if it does not rain this week, then damage could occur, the State Agriculture Secretariat in Porto Alegre said in its latest bulletin.

The Secretariat said although most areas need rain, the soyabeans are generally still in good condition.
Reuter.

Grim industrial outlook ignored by equity investors and 30-share index stages its biggest rise for two months

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jan. 2	Jan. 11	Jan. 12	Jan. 23
Jan. 15	Jan. 25	Jan. 26	Feb. 6
Jan. 29	Feb. 8	Feb. 9	Feb. 20

* "New time" dealings may take place from 9.30 am two business days earlier.

Despite the grim outlook for industry which is rapidly feeling the effects of the road haulage strike and will suffer further through this week's rail stoppage, investors took the view that these troubles will ultimately be resolved and supported equity stock markets yesterday. And the 3.30 pm announcement of a marked turn for the better in last month's UK trade enabled the FT 30-share index to advance further to record its biggest gain for two months.

Although weekend Press coverage of the national scene *was gloomy to say the least*, leading industrials began the new trading Account quietly firm and were encouraged a while later by a good showing in many secondary stocks which responded to company statements, newspaper mention or renewed speculative demand.

Reflecting also the continuing absence of any worthwhile selling, the rise in the leaders gained momentum and the index advance of 4.8 at 3 pm was given fresh impetus by news of December's £246m trade surplus with the result that the closing level of 482.8 represented a rise of 8.1, the best single-day gain since November 14.

Towards the end of the day, stock shortage in many good quality names was becoming *more apparent although the* overall amount of investment funds in the market yesterday was believed to be modest and the number of official markings, at 4,718, was only slightly better than Friday's 4,413.

In contrast to industrials, British Funds viewed the general situation with apprehension and opened lower at around the levels obtaining late on Friday after the announcement of a new short tap stock via the issue of a further tranche of *Treasury 12 per cent 1983*. Initial selling took quotations down ¼ more before a recovery set in but the latter lacked substance despite encouragement from last month's trade returns and the final trend was none too certain.

Many short-dated issues resisted the general easiness following a fair interest in selected low-coupon stocks, especially **Exchequer 3 per cent 1981**, quoted clean at 85⅞, following the Government broker's withdrawal from supplying stock at that price. Also attracting support was **Exchequer 3 per cent 1983**, also quoted in clean form, and **Treasury 3½ per cent 1979/81** which gained $\frac{1}{16}$ to 89$\frac{11}{16}$.

Demand for the investment currency left over from Friday ahead of the American Budget helped the premium to touch 91¼ per cent before closing a net 1 up at 90½ per cent. Yesterday's SE conversion factor was 0.6820 (0.6966).

Interest in the Traded Option market remained at a low ebb and 380 contracts were completed with 95 done in **RTZ** and 58 in **Land Securities**.

Banks better

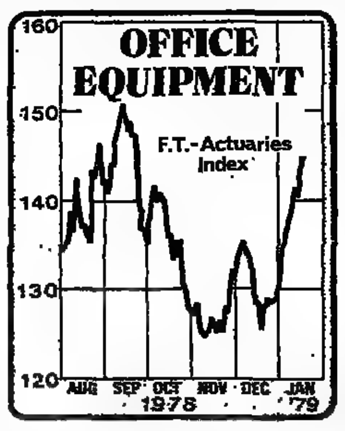
Renewed demand for the major clearing bansk ahead of the dividend season left improvements of around 5 at the close. **Lloyds**, the first to report on February 16, added that much *to 300p as did* **Barclays**, *to 390p*. Australian issues gained ground on domestic and investment currency influences. Additionally helped by the chairman's encouraging statement, **ANZ** rose 9 to 347p, while **Bank of New South Wales**, 290p, and **Commercial Bank of Australia**, 220p, firmed 10 and 15 respectively. Elsewhere, **UDT** at 48p, gave up half of last Friday's speculative spurt of 6 following profit-taking after the Board's bid denial.

Insurances plotted an irregular course. **Matthews Wrightson** softened 3 to 185p on the disclosure that its subsidiary Stewart Wrightson is to assist in Frank B. Hall's £6.5m out-of-court payment to Unigard Mutual Insurance Company.

Although not particularly active, Building and kindred issues met selective support. Paint shares recorded some useful gains, **Blundell Permoglaze** rising 4 to 88p and **Leyland Paint**, a similar amount to 95p. Assisted by Press mention, **Manders** hardened 2 to 103p. Elsewhere, **Howard Shuttering** responded to the good interim results with a rise of 4 to 22p, while Press comment ahead of tomorrow's interim results stimulated buying interest in **Countryside Properties**, a like amount dearer at 53p. Revived demand left **Brown and Jackson** 6 higher at 236p.

D-I-Y concerns good

Favourable Press comment highlighting the current thriving D-I-Y business attracted buyers to stocks i ncluded in this category; up 28 last week, **Home Charm** were prominent again with a jump of 22 to 282p, after 288p, while **Status Discount** added 10 to 223p and **A. G. Stanley** gained 9 to 201p, after 208p. **Morris and Blakey Wallpapers** firmed 10 more to 158p and the A 8 afresh to 130p on further consideration of Friday's disclosure that A. G. Stanley had increased its holding in the company to over 16 per cent. An investment recommendation lifted **Arthur Henriques** 5 to 35p, after 37p, while demand in a thin market prompted an improvement of 8 to 190p in **Lee Cooper**. Speculative buying fuelled by continuing bid hopes helped **MFI Furniture** advance 7 more to 190p. Comment on the annual report and accounts which revealed that several directors had substantially increased their *shareholding in the group* prompted revived speculative buying of **Barton** which left the Ordinary 6 to the good at 188p and the A 5 up at 175p.



Electrical leaders took a distinct turn for the better, particularly in the latter part of the trading session. **GEC** eventually settled at 331p, up 6. Elsewhere, a revival in some of the recent favourites developed, with **Sound Diffusion** up 6 at 81p, responding to fresh Press mention. **United Scientific**, 296p, and **Eurotherm**, 222xd, also closed 6 to the good, while **Electrocomponent** firmed 5 to 330p. Weekend Press comment stimulated occasional support for **Comet Radiovision**, which firmed 3½ to 108½p xc. **Pifco** improved 5 to 92p.

Quietly firm during official trading, the Engineering leaders were marked up a little more in the late trading. **J. Brown** ended 10 to the good at 374p and **Hawker Siddeley** 8 higher at 232p. Elsewhere, hopes of further developments in the bid situation with GEC stimulated buying interest in **Averys**, 8 to the good at 233p. **Meggitt Holdings** responded to the preliminary results with a rise of 1½ to 25p, while publicity given to a broker's circular prompted fresh demand for **Baker Perkins**, up 9 more at 161p, after 164p. **Swan Hunter** *were quoted at 137p ex the* distribution of shares in **Gosforth Holdings**; the latter made their debut yesterday and closed at 28p, after being up to 30p at one stage.

Foods closed firm after a small level of trade. **Tesco** responded *to weekend Press mention to* close 2 better at 55 xd, while speculative demand left **Louis C. Edwards** 5 better at 39p.

Among Hotels, Press comment lifted **Comfort** a penny to 29p, while **City Hotels**, subject of a current bid from Comfort, rose 4 to a 1978/79 high of 190p. Ahead of Thursday's final statement, **Grand Metropolitan** closed 2½ to the good at 116½p.

Broken Hill Prop. up

In spite of the troubled labour situation, the reluctance of sellers helped the Miscellaneous Industrial leaders stay firm and late publication of the better-than-expected December trade returns helped them to close at the day's best. **Beecham** added 10 to 643p and **Pilkington** 5 to 295p, while **Glaxo** rose 4 to 505p and **Boots** 3 to 195p. Ahead of results due on January 24, **Rank Organisation** closed a further 4 dearer at 284p. Elsewhere, firm domestic influences together with a Press suggestion that a base metal boom is ahead helped **Australian Broken Hill Proprietary** to jump 35 to 825p. **Associated Sprayers** put on 3 to 61p in response to the record annual profits and **Dufay Bitamastic** hardened 2 to 44p after 46p, following an investment *recommendation; the latter's* 10½ per cent Unsecured Loan 1998-2003 put on 3 points to £115 in sympathy. Favourable comment in front of today's results lifted **Gestetner "A"** 5 to 153p, while **LRC**, at 37½p, achieved a Press-inspired improvement of 3½.

With the annual results due on Wednesday, **Anglia TV** moved ahead 7 to 91p and **Trident**, also reporting this week, added ½ to 52p.

Motor sectors finished firmer following a steady level of *business*. **Dunlop**, at 84p, regained Friday's fall of 2 which followed news of its factory closures because of the lorry drivers' dispute. Demand for stock in a restricted market left **Flight Refuelling** 12 better at 207p, while **Bluemel** added 5 to 63p. Among Distributors **Heron**, still reflecting last week's pleasing mid-term figures, rose 6 more to 124p. Some "cheap" buying left **Rolls-Royce** 4 up at 105p.

Associated Book Publishers featured with a gain of 27 to record a two-day rise of 52 to 295p. Elsewhere, **Associated Newspapers** rose 5 to 185p.

Properties included some useful improvements among secondary issues. Still reflecting recent favourable trading news, **Chaddesley** advanced 5 more to 64p.

Oils improve

A firmer trend in Oils mainly reflected the absence of selling pressure. **British Petroleum** closed with a gain of 8 at 918p and **Shell** one of 6 at 568p, while dollar premium influences lifted **Royal Dtuch** a poin to £46¼. *Among secondary issues*, **Burmah** were noteworthy for a gain of 4 to 95p.

A fairly useful demand developed for Trusts, which closed with fairly widespread gains throughout the list. Rises of around 3 were recorded in **Alliance Trust**, 216p, **Glenmurray**, 74½p, and **Scottish American Investment**, 82p.

Shippings turned easier after the recent improvement, **Common Bros.**, reacting 7 to 198p and **Ocean** 1½ to 112p. **James Fisher**, however, continued to attract buyers at 207p, up 7.

A quiet Textiles sector responded to selective interest in secondary issues. **Ash Spinning** added 2 to 77p following an investment recommendation, while **Sidlaw** encountered further support following last Friday's interim statement and recorded a rise of 5 to 91p.

News that **Guthrie** has advised shareholders to reject the bid approach from **Sime Darby** had little effect on the shares as dealers waited for far-eastern reaction. Guthrie added 6 to 439p and Sime eased a penny to 108p.

South African Industrials tended firmer along with the dollar premium and rises of 15 were seen in **OK Bazaars**, 390p, and **Greaterman's A**, 150p.

Active Mines

In terms of activity and price improvements, mining markets enjoyed their best day for some time. Australians were particularly firm following a strong performance in overnight Sydney and Melbourne markets, favourable week-end Press mention and *a rise in the investment currency* premium.

Base-metal producers scored the best gains in the light of the recent bouyancy of prices on the London Metal Exchange. New highs for 1978-79 were registered by **MIM Holdings**, 9 better at 237p, **Bougainville**, 6 firmer at 156p and **Mount Lyell**, which put on 4 to 54p.

Conzinc Riotinto added 8 at 308p, while Press comment lifted **North Broken Hill** 8 to 125p and **EZ Industries** 10 to 265p. Diamond exploration stocks fared equally well, **Spargos Exploration** being actively traded and finally 7 higher at 33p following bullish Press comment.

London-registered Financials also moved ahead strongly reflecting their substantial base-metal interests. **Rio Tinto-Zinc** continued to attract a good institutional demand and rose another 9 to 259p, while **Selection Trust** put on 14 to 468p and **Tanks** 12 to 174p.

Overseas-based Coppers to gain ground included **Minorco**, which rose 12 to 182p, **Messina**, up 8 to 84p and **Roan Consolidated**, 6 higher at 76p. **ZCI** were finally a penny harder at 14p, after 15p.

Malaysian Tins reflected the higher premium. **Killinghall** advanced 20 to 230p following last week's change of domicile to *Malaysia*. **Ayer Hitam** closed 15 higher at 390p.

Gains in South African Golds mainly reflected the firmer premium. Among cheaper-priced Golds **Harmony** advanced 13 to 293p in front of the increased quarter profit.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	14	53	12
Corpns. Dom. and Foreign Bonds	7	9	49
Industrials	519	116	888
Financial and Prop.	208	39	275
Oils	13	1	24
Plantation	7	3	22
Mines	95	9	37
Recent Issues	10	1	18
Totals	873	221	1,325

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan. 9	Jan. 22	Apr. 5	Apr. 18
Jan. 23	Feb. 5	Apr. 19	May 1
Feb. 6	Feb. 19	May 3	May 15

For rate indications see end of Share Information Service

Money was given for the call in Courtaulds, Spillers, Reed International, NatWest Warrants, John Brown, Ocean Wilsons, Illingworth Morris, Norvic, Tricentrol, Dunlop, Lotus, Britannia Arrow, New Throg-*morton Warrants*, LRC and Bridgend Processors. No puts reported, but doubles were arranged included U.D.T., Reed International, Baker Perkins and F.N.F.C.

FINANCIAL TIMES STOCK INDICES

—	Jan. 15	Jan. 12	Jan. 11	Jan. 10	Jan. 9	Jan. 8	A year ago
Government Secs.	67.87	68.09	68.00	68.17	68.49	68.52	77.48
Fixed Interest	70.07	70.33	70.31	70.42	70.40	70.35	80.71
Industrial	482.8	474.7	477.5	478.6	482.2	484.4	474.2
Gold Mines	140.1	136.7	137.2	136.2	139.8	140.4	143.4
Gold Mines(Ex-$ pm)	96.5	96.2	96.5	96.0	98.1	97.5	114.0
Ord. Div. Yield	5.99	6.06	6.06	6.04	6.00	5.96	5.67
Earnings.Y'ld % (full)	15.73	15.96	15.90	15.86	15.75	15.66	17.24
P/E Ratio (net) (*)	8.25	8.14	8.17	8.19	8.25	8.30	8.32
Dealings marked	4,718	4,413	4,151	4,380	5,375	3,596	6,474
Equity turnover £m.	—	73.17	137.30	64.27	68.02	51.08	62.93
Equity bargains total	—	13,338	12,831	11,242	13,345	10,841	17,950

10 am 476.7. 11 am 476.2. Noon 476.6. 1 pm 478.5. 2 pm 478.7. 3 pm 479.5.
Latest Index 01-246 8026.
*Nil=8.01.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978/9 High	1978/9 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	78.58 (5/1/78)	67.92 (10/11/78)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int	81.27 (9/1/78)	69.30 (13/11/78)	150.4 (28/11/47)	50.33 (3/1/75)
Ind. Ord.	535.5 (14/9/78)	433.4 (2/3/78)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.8 (14/8/78)	124.1 (29/11/78)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	152.3 (14/8/78)	90.5 (18/4/78)	337.1 (3/4/74)	54.3 (26/6/78)

S.E. ACTIVITY

—	Jan. 15	Jan. 12
—Daily		
Gilt Edged	183.0	145.0
Industrials	184.7	153.0
Speculative	43.9	30.0
Totals	107.4	100.4
5-d'y Av'r'ge		
Gilt Edged	158.8	145.0
Industrials	157.0	149.4
Speculative	38.6	39.7
Totals	104.9	99.8

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978-79 high	1978-79 low
Gosforth Ind.	10p	10	28	—	30	28
BP	£1	9	918	+ 8	954	720
Allied Breweries	25p	8	86	+ 2	94	78
ICI	£1	8	364	+ 5	421	328
RTZ	25p	8	259	+ 9	263	164
Britannia Arrow	25p	7	20	+ 2	25	14
Burmah Oil	£1	7	95	+ 4	95	42
Lloyds Bank	£1	7	300	+ 5	300	242
Tesco Stores	5p	7	55xd	+ 2	57	38
Unilever	25p	7	538	+ 2	602	476
Baker Perkins	50p	6	161	+ 9	164	87
Barclays Bank	£1	6	390	+ 5	390	296
Distillers	50p	6	208	+ 4	215	163
GKN	£1	6	257	+ 4	298	248
Lonjdon & Nthn.	25p	6	37	+ 1	40	24

NEW HIGHS AND LOWS FOR 1978/9

The following securities quoted by the Share Information Service yesterday attained new Highs and Lows for 1978-79.

NEW HIGHS (78)

CANADIANS (4)
Imperial Oil — Place Gas
Pacific Pet. — Seagram

BANKS (3)
Barclays — NatWest
Nat. Com.

BEERS (2)
Highland Distilleries — Morland

BUILDINGS (4)
Countryside — Erith
Crouch (D.) — Lafarge S.A.

CHEMICALS (1)
AKZO

STORES (8)
Henriques (A.) — Stanley (A. G.)
Home Charm — Status Discount
Lee Cooper — Steinberg
MFI Furniture — Waring & Gillow
Pawson (W. L.)

ELECTRICALS (3)
Bowthorpe — Sound Diffusion
Kode Intl.

ENGINEERING (7)
Barker Perkins — Shaw (F.)
English Card Clothing — Startrite
Meggitt — Williams & James
Saville Gordon

FOODS (1)
Edwards (L. C.)

INDUSTRIALS (13)
AGB Research — Johnson Cleaners
Assoc. Sprayers — P.M.A. Hldgs.
Brammer (H.) — Prov. Laundries 12pc Conv. '86-88
Brit. Cinc
B.H. Prop. — Unilever N.V.
Dufay Bitumastic — Watson (R. K.)
Dunie Intl. — Wills (G.)

HOTELS (2)
City Hotels — Swan Ryan Intl.

LEISURE (2)
Horizon Midlands — Pleasurama

MOTORS (3)
Brit. Car Auction — Nelson (David)
Cowie (T.)

NEWSPAPERS (1)
Assoc. Book Publishers

PAPER (3)
Causton (Sir J.) — Ferry Pickering
Chapman (Balham)

PROPERTY (6)
Bradford Prop. — Imry Property
Chaddesley — Marlborough
Estates & General — Peachey

SHIPBUILDERS (1)
Swan Hunter

TEXTILES (4)
Dixon (D.) — Mackinnon
Hollas Grp. — S.E.E.T.

TRUSTS (2)
Bridgewater — West of England

OILS (2)
Brit. Borneo — Burmah

OVERSEAS TRADERS (1)
Aust. Agric.

MINES (4)
Bougainville — Mount Lyell
M.I.M. Hldgs. — Killinghall

NEW LOWS (7)

COMMONWLTH. & AFRICAN LOANS (1)
Southern Rhodesia 2½pc '65-70

ENGINEERING (2)
Neill (J.) — Weir Grp.

TEXTILES (1)
Carrington Viyella

MINES (3)
Falcon — Wankie
Rhodesian Corp.

APPOINTMENTS

Plessey deputy finance posts

Mr. Robert Nellist is to join the PLESSEY COMPANY on February 5 as deputy finance director (accounting). He is at present director of accounting at Rolls-Royce. Mr. Derek Mayes, who has been with Plessey since 1960, has been made deputy finance director (commercial). Both report to Mr. Peter Marshall, director of finance. Mr. Nellist will resign his position as a non-executive director of Hestair.

*

STANDARD CHARTERED BANK has appointed three new general managers in London following a reorganisation of its international banking operations. Mr. Alan Orsich becomes general manager of a new treasury division which will absorb the present sterling money market division and constitute a combined foreign exchange and sterling dealing and funding operation in London.

The loan syndication division of Standard Chartered Merchant Bank is being transferred to and integrated with international division of the parent bank and Mr. Charles Crickmore, at present an executive director of the merchant bank, has been appointed a general manager of Standard Chartered Bank. *International division will be* responsible for co-ordinating syndicated loan exposure throughout the group. Mr. C. W. Shuter, as general manager International, will have particular responsibility for guiding the establishment of the two new divisions, whose heads will report directly to him in this regard.

Following the retirement of Mr. N. McMillan, the Board has also appointed Mr. Ian Hamilton, at present deputy general manager international, as general manager responsible for the group's banking operations on the continent of Europe. He will be based in London.

*

Mr. Michael Bacon, an executive director of SOLICITORS' LAW STATIONERY SOCIETY, has resigned from the Board. The company indicated that there were no policy differences and explained that he would probably be starting up his own business.

*

Lord Boyd, joint vice-chairman of ARTHUR GUINNESS SON AND CO., is to retire at the annual meeting on February 8. Dr. F. H. Boland has resigned his directorships of the parent company and of Guinness Ireland. Sir William Jenkins has also resigned from the Belfast company Board.

*

Mr. Richard Truelove has been appointed to the Board of TI TRANSPORT EQUIPMENT as marketing director.

*

Baron Paul von Ostman has been appointed a director of HOLSTEN DISTRIBUTORS in London and Mrs. K. M. Williams has become secretary of the company. Baron von Ostman was previously an executive with the export department of Holsten Brauerei, Hamburg.

*

Mr. Craig B. Tate has been appointed to the Board of *COLGATE-PALMOLIVE*.

*

Mr. M. J. G. Morley, general manager of the London headquarters of THOMSON REGIONAL NEWSPAPERS, has been appointed director of administration and general manager.

*

Mr. Gilbert W. Lamb has been appointed director of communication and public affairs of TUBE INVESTMENTS in succession to Mr. William Paterson, who was director of public relations. Mr. Lamb takes up his new position in April.

*

Mr. Richard N. Davis has been appointed joint managing director of ARMITAGE BROS.

*

Mr. A. Goldsmith has been made a director and general manager of RITEMIXER, a member of the Sheepbridge Engineering group.

*

Mr. David Ensor is to become managing director of the CROYDON ADVERTISER GROUP on February 1 and Mr. Robert Stiby will continue as chairman.

*

Mr. Graeme Jameson has been appointed managing director of INTERNATIONAL PAINT Yacht Division. He was previously general manager.

*

Mr. Peter Mears has been appointed to the Board of ATV NETWORK as director of sales.

*

Admiral Sir John Treacher, Commander-in-Chief, Fleet, and Allied Commander-in-Chief, Channel and Eastern Atlantic, 197577, has accepted an invitation to join the Board of WESTLAND AIRCRAFT.

*

Mr. A. E. Lighton has been appointed sales director of the ZENITH CARBURETTER COMPANY.

*

Mr. David H. Probert, finance director of W. CANNING, has been appointed chief executive in succession to Mr. Ben Tromans, who will continue as deputy chairman.

*

Mr. James Gray has been made financial director of E. C. OSBORNE, a stationery supermarket group, and also financial director of E. C. Osborne (Wholesale), a wholesale stationery distribution company. He will continue to act as company secretary.

*

Mr. Peter Wigley has been appointed a director by ALCAN *WINDOWS*.

*

Mr. R. J. Bromley has been appointed a director and Mr. W. H. Morris, general manager, of *SAMPO INSURANCE COMPANY (UK)*.

*

Mr. Peter G. Lumb has been appointed general manager of the LEEDS PERMANENT BUILDING SOCIETY. He has been with the Society for 23 years.

*

Mr. Michael J. Burke has been appointed to the newly-created position of vice-president, Europe, of TRANS INTERNATIONAL AIRLINES.

*

Mr. David Beattie has been appointed a divisional director of NATIONAL ENTERPRISE BOARD. He joined NEB as deputy director of planning in 1976.

*

Mr. Carlos Santistevan, a former governor of the Central Bank of Peru, has joined LIBRA BANK in London. He will be responsible for the development of Libra Bank's relations with Central Banks throughout Latin America.

*

Mr. B. C. Curwen has been appointed managing director of LCP PRESSINGS and Mr. J. G. Panter continues as deputy managing director. Mr. J. L. Southall has become managing *director of LCP Wheels*.

*

Mr. Ian Fairfield has been appointed executive chairman and managing director of CHEMRING following the death of Sir Ronald Fairfield. Mr. Orlando Oldham becomes deputy chairman and Mr. E. W. B. Watson, deputy managing director.

*

Mr. P. G. Edwards has been appointed a non-executive director of HUNTING PETROLEUM SERVICES.

*

Mr. David Baines, chief executive, Scott-Energen Foods, and Mr. David Rogers, marketing controller of products produced at RHM Foods' Middlewich and Greatham factories, have been appointed directors of RHM FOODS.

*

Mr. Brian Jansen has been appointed manufacturing manager, Mr. Mervyn Lucas quality manager, and Mr. Roy Lynn engineering director of GLOVER PLASTICS, a member of the Capper-Neill group.

*

Mr. John Roberts has been appointed chief engineer of the aviation division of DUNLOP and succeeds Mr. S. A. Beasley, who is joining the London head office strategy team.

*

Mr. Arthur O. Kelting, joint managing director of the HAMMERSON PROPERTY AND INVESTMENT TRUST has retired on reaching 60 and so has Mr. Francis S. Jamieson who is 70. Mr. R. C. Fletcher, an executive director, died on December 25.

*

Mr. Hector Watts has joined the Board of LONDON AND SCOTTISH MARINE OIL COMPANY.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	750	170	5	—	—	—	—	918p
BP	850	70	5	95	—	115	—	"
BP	900	20	23	61	—	82	—	"
Com Union	140	9	9	15	—	18	—	148p
Cons Gold	160	19	—	27	7	31	—	178p
Courtaulds	120	2	2	6½	37	9	—	117p
GEC	240	90	5	—	—	—	—	328p
GEC	260	70	6	75	—	—	—	"
GEC	330	4½	5	20	1	32	—	"
GEC	360	¼	—	7½	4	18	—	"
Grand Met.	100	17	8	20	5	22	—	116q
Grand Met.	110	7½	—	10½	27	13½	—	"
ICI	330	34	5	42	—	—	—	362p
ICI	360	6½	30	18	3	31	—	"
ICI	390	¼	—	6½	—	16	1	"
Land Secs	220	33	5	39	5	45	—	253p
Land Secs	240	13	19	23	15	28	—	"
Land Secs	260	¾	12	11	2	17	—	"
Marks & Sp	80	6	10	11	—	12	—	86p
Marks & Sp	90	½	5	4½	—	7½	—	"
Shell	550	19	2	37	—	48	—	568p
Totals			152		106		1	
		February		**May**		**August**		
Boots	200	6	—	15	1	17	—	194p
EMI	140	7	22	13	—	17	—	141p
EMI	160	1	3	6	—	9	—	"
RTZ	220	44	15	48	—	49	—	258p
RTZ	240	26	12	30	14	37	29	"
RTZ	260	10	8	19	—	26	7	"
RTZ	280	2½	—	10	10	—	—	"
Totals			60		25		36	

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price p:	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
A$0.60	F.P.	—	83	61	Ashton Mining 50c	83	+5	—	—	—	—
A$125	F.P.	—	106	97	††Aust. Farming A$1	102	......	—	—	—	—
—	F.P.	—	30	28	Gosforth Ind. 10p	28xd	......	2.0	—	10.1	—
165	F.P.	10/1	184	170	Harris Queensw'y20p	184	+8	r7.8	3.1	6.3	7.7
**	F.P.	—	152	129	Hunting Assoc. Defd.	129	......	—	—	—	—
29	F.P.	5/1	31	29	Kitchen Queen 10p	29½	......	61.54	5.4	6.8	4.9
**	F.P.	9/2	34	31	M. Y. Dart Defd	32	+1	—	—	—	—
110	F.P.	17/1	136	115	Mill'ttsL's'reShps20p	132	+5	b45.7	1.8	6.4	12.7

FIXED INTEREST STOCKS

Issue Price	Am'unt Paid up	Latest Renunc Date	1978/79 High	1978/79 Low	Stock	Closing Price	+ or −
**	F.P.	16/2	109p	108p	Assoc. Dairies 9¾% Pref.	109p	......
*	F.P.	26/1	100	99¾	Colne Valley Water 8% Red Prf 1983	101	......
§100p	F.P.	28/12	100½p	99p	Findlay 8% Cnv. Cum. Red. Prf.	99p	......
§100p	F.P.	5/1	120	102	Hawley-Leisure 12% Cnv. Uns. Ln. '86-88	120	+1
£1	F.P.	22/12	99p	97½p	Newman Inds. 10¼% Acc. Pref.	97p	......
*	£10	1/3	13¼	13	Mid Kent Water 8% Pref. 1984	13¼	+¼
100p	F.P.	11/1	105	100¾	Rivington Reed 9½%Cnv.Cum.Red.Pref.	105	+2
97½p	F.P.	5/1	99p	97½p	Seascope 10¼% Pref	97½p	......

"RIGHTS" OFFERS

Issue Price p:	Am'unt Paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1978/9 High	1978/9 Low	Stock	Closing Price p:	+ or −
60	Nil	19/1	19/2	13pm	7pm	Associated Biscuit	13pm	+4
17	F.P.	15/12	26/1	20½	19½	Boulton (Wm.)	20½	......
45	F.P.	8/12	9/2	53	47	Foster (John)	51½	+½
210	F.P.	15/12	12/1	248	242	Lep Group	248	......
250	F.P.	3/1	9/2	320	296	Metal Box	316	......
55	F.P.	5/1	26/1	71pm	66pm	Milbury	68	−5
20c	Nil	—	—	30pm	30pm	Poseidon	30pm	......
10	Nil	22/1	23/2	7½pm	4¼pm	Suter Electrical Defd.	6pm	......
28	F.P.	10/1	9/2	38	34	York Fine Woollen	38	+1

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. c Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. p† Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., Jan. 15, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Fri., Jan. 12 Index No.	Thurs., Jan. 11 Index No.	Wed., Jan. 10 Index No.	Tues., Jan. 9 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	236.37	+1.0	17.08	5.53	8.01	234.11	234.64	235.72	237.87	207.58
2	Building Materials (28)	208.96	+0.5	18.09	6.14	7.61	208.01	207.78	208.65	209.39	189.82
3	Contracting, Construction (28)	358.72	+0.6	21.60	5.00	6.65	356.59	357.24	361.22	364.27	334.53
4	Electricals (15)	552.77	+1.5	13.92	3.44	9.83	544.61	547.61	550.09	555.53	444.70
5	Engineering Contractors (13)	366.55	+0.8	18.07	6.05	7.48	363.49	364.22	365.36	364.29	292.81
6	Mechanical Engineering(72)	185.05	+1.0	18.19	5.99	7.33	183.27	183.59	184.02	184.74	163.87
8	Metals and Metal Forming(16)	163.46	+0.8	16.74	8.79	8.30	162.21	162.43	163.48	164.38	161.19
11	CONSUMER GOODS (DURABLE)(53)	211.92	+0.7	16.43	5.10	8.12	210.38	210.77	211.47	211.69	189.25
12	Lt. Electronics, Radio, TV (16)	268.56	+0.6	13.74	3.89	10.21	267.09	267.30	268.27	268.31	224.80
13	Household Goods (12)	166.48	+0.2	18.14	6.85	7.56	166.17	166.51	166.72	166.72	181.05
14	Motors and Distributors (25)	122.38	+1.2	20.94	6.92	6.00	120.90	121.42	121.82	122.16	116.31
21	CONSUMER GOODS (NON-DURABLE) (170)	211.25	+1.1	16.15	6.05	8.27	209.04	209.89	211.05	211.81	197.30
22	Breweries (14)	234.81	+1.7	15.63	6.40	8.32	230.88	231.21	233.54	234.16	218.51
23	Wines and Spirits (6)	294.63	+1.7	15.77	5.06	9.31	289.70	289.82	289.82	298.16	237.52
24	Entertainment, Catering (17)	274.60	+1.3	13.52	6.45	10.79	271.13	273.81	275.68	275.99	257.28
25	Food Manufacturing (19)	200.62	+0.5	18.95	5.63	7.01	199.56	200.22	201.16	202.38	193.96
26	Food Retailing (15)	231.64	+0.8	14.37	5.08	9.50	229.91	231.35	233.49	234.22	198.67
32	Newspapers, Publishing (12)	388.52	+0.6	20.70	6.29	6.81	386.02	386.19	386.10	382.59	333.17
33	Packaging and Paper (15)	134.99	+0.5	18.84	7.80	6.92	134.33	134.68	135.34	135.83	138.96
34	Stores (40)	196.81	+1.5	12.05	4.84	11.94	193.92	194.90	195.28	196.43	188.38
35	Textiles(23)	180.67	+0.5	17.85	8.30	7.24	179.81	180.90	181.42	182.09	173.25
36	Tobaccos (3)	235.81	+0.5	23.53	7.96	5.03	234.74	235.71	238.30	238.30	219.61
37	Toys and Games (6)	90.88	+0.1	24.41	7.15	4.83	90.76	90.59	91.48	93.10	104.79
41	OTHER GROUPS (99)	199.11	+0.8	15.64	6.25	8.21	197.59	198.01	198.38	199.27	189.02
42	Chemicals (19)	278.64	+1.2	15.98	6.79	8.17	275.41	276.62	276.36	278.51	249.10
43	Pharmaceutical Products (7)	248.59	+1.4	11.16	4.68	10.85	245.08	246.69	247.53	249.00	251.80
44	Office Equipment (6)	144.24	+1.3	16.70	5.37	7.14	142.45	140.19	141.17	140.42	131.65
45	Shipping (10)	422.78	−0.3	14.31	7.19	8.87	424.07	423.14	418.12	420.21	473.62
46	Miscellaneous (57)	213.53	+0.1	18.15	6.73	7.27	213.40	213.81	214.69	215.44	201.74
49	INDUSTRIAL GROUP(494)	221.43	+0.9	16.29	5.89	8.18	219.37	220.02	220.93	221.87	203.85
51	Oils(6)	511.54	+0.9	13.65	3.94	7.96	506.75	507.82	506.38	510.97	454.36
59	500 SHARE INDEX	245.55	+0.9	15.88	5.59	8.14	243.27	243.96	244.71	245.93	224.84
61	FINANCIAL GROUP(115)	173.75	+0.5	—	5.60	—	172.89	172.80	173.36	173.71	172.13
62	Banks(6)	211.26	+1.6	22.30	5.58	6.72	208.00	208.04	208.11	205.91	198.00
63	Discount Houses (10)	214.34	+0.6	—	8.26	—	213.11	218.05	218.64	218.26	217.47
64	Hire Purchase (5)	167.69	−1.4	14.53	5.09	9.08	170.08	165.30	164.58	165.38	167.76
65	Insurance (Life) (10)	136.65	+0.4	—	6.88	—	136.07	137.14	137.90	139.21	142.95
66	Insurance (Composite) (7)	123.01	+0.3	—	7.13	—	122.70	122.87	123.21	124.04	134.59
67	Insurance Brokers (10)	314.32	−1.0	15.16	5.37	9.41	317.48	311.49	311.86	313.64	322.58
68	Merchant Banks (14)	80.01	−0.4	—	6.13	—	80.32	80.29	80.75	80.71	83.12
69	Property (43)	275.95	+0.4	3.76	2.94	42.56	274.97	275.62	277.51	278.04	247.84
70	Miscellaneous (10)	113.80	−0.2	19.73	6.93	6.29	114.01	112.95	113.62	114.29	109.15
71	Investment Trusts (111)	209.29	+1.0	—	5.05	—	207.30	207.59	208.32	207.93	190.66
81	Mining Finance (4)	110.03	+2.7	17.08	6.47	7.21	107.18	104.92	104.26	103.62	90.60
91	Overseas Traders (20)	318.18	+2.1	15.35	7.38	8.18	311.61	311.52	310.29	312.00	276.46
99	ALL-SHARE INDEX (750)	226.30	+0.9	—	5.62	—	224.22	224.60	225.22	226.10	209.31

FIXED INTEREST PRICE INDICES

	British Government	Mon., Jan. 15	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	102.84	+0.05	0.10	0.18
2	5-15 years	109.57	−0.40	0.33	0.33
3	Over 15 years	114.07	−0.06	0.70	0.70
4	Irredeemables	121.28	−0.35	—	0.00
5	All stocks	108.46	−0.09	0.36	0.39

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Mon., Jan. 15	Fri., Jan. 12	Year ago (approx.)
1	Low Coupons	5 years	9.77	9.75	7.36
2		15 years	11.61	11.52	9.42
3		25 years	12.42	12.33	10.01
4	Medium Coupons	5 years	12.91	12.89	9.60
5		15 years	12.98	12.92	10.48
6		25 years	12.98	12.92	10.62
7	High Coupons	5 years	13.09	12.99	10.08
8		15 years	13.46	13.47	11.36
9		25 years	13.46	13.44	11.42
10	Irredeemables		12.14	12.09	9.96

		Mon., Jan. 15 Index No.	Mon., Jan. 15 Yield %	Fri. Jan. 12	Thurs. Jan. 11	Wed. Jan. 10	Tues. Jan. 9	Mon. Jan. 8	Fri. Jan. 5	Thurs. Jan. 4	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	54.72	†13.56	54.73	54.75	54.79	54.80	54.80	54.79	54.77	65.15
16	Investment Trust Prefs. (15)	51.33	13.67	51.33	51.33	51.33	51.33	51.33	51.33	51.03	57.47
17	Coml. and Indl. Prefs. (20)	72.45	12.92	72.41	72.41	72.42	72.52	72.33	72.25	72.25	78.51

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 12p, by post 22p.

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[illegible]

Emson & Dudley Tst. Mngmnt. Ltd.				
20, Arlington St., S.W.1. 01-499 7551				
Emson Dudley Tst.	68.3	73.4	.....	7.00
Equity & Law Un. Tr. M.♥ (a)(b)(c)				
Amersham Rd., High Wycombe. 0494 33377				
Equity & Law	68.1	71.6	+0.5	4.53
James Finlay Unit Trust Mngt. Ltd.				
10-14, West Nile Street, Glasgow. 041-204 1321				
J. Finlay Internat'l	23.5	25.3	.....	2.09
Accum. Units	27.9	30.0	.....	2.09
J. Finlay Income	36.4	39.1	.....	8.37
J. Finlay Euro.Fin.	27.0	29.0	.....	3.37
Accum. Units	32.0	34.4	.....	3.36
J. Finlay Fd.In.Tst.	28.0	30.1	.....	4.26
Accum. Units	32.6	35.1	.....	4.26

Prices on Jan. 10. Next dealing Jan. 17.

Midland Bank Group Unit Trust Managers Ltd.♥ (a)				
Courtwood House, Silver Street, Head, Sheffield, S1 3RD. Tel: 0742 79842				
Commodity & Gen.	68.1	74.5	+0.7	5.26
Do. Accum.	80.5	88.0	+0.8	5.26
Growth	37.5	40.3	+0.6	3.31
Do. Accum.	40.5	43.6	+0.6	3.31
Capital	26.7	28.7	+0.4	3.89
Do. Accum.	29.4	31.6	+0.4	3.89
Income	52.9	56.9	+0.3	6.92
Do. Accum.	61.7	66.4	+0.3	6.92
International	45.4	48.0	+1.0	2.45
Do. Accum.	48.8	52.6	+1.1	2.45
High Yield	63.3	68.1	+0.1	8.57
Do. Accum.	69.0	74.3	+0.1	8.57
Equity Exempt*	107.4	113.3	.....	5.56
Do. Accum.*	107.4	113.3	.....	5.56
Japan & Pacific	50.6	53.9	+0.3	0.84
Do. Accum.	50.6	53.9	+0.3	0.84

*Prices at Jan. 12. Next dealing Jan. 19.

CORAL INDEX: Close 481-486

INSURANCE BASE RATES

†Property Growth	12%
†Vanbrugh Guaranteed	11%

†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

International Pacific Inv. Mngmt. Ltd.				
P.O. Box R237, 56, Pitt St., Sydney, Aust.				
Javelin Equity Tst.	A$2.38	2.50	.....	—
J.E.T. Managers (Jersey) Ltd.				
P.O. Box 98, Channel House, Jersey. 0534 73673				
Jersey Extrnl. Tst.	167.0	177.0	.....	—

As at Dec. 29. Next sub. day Jan. 31.

Jardine Fleming & Co. Ltd.			
46th Floor, Connaught Centre, Hong Kong			
Jardine Estn. Tst.	HK$291.89	.....	2.60
Jardine J'pn.Fd.*	HK$414.73	.....	0.80
Jardine S.E.A.	$US16.66	.....	2.10
Jardine Flem.Int.	HK$11.92	.....	—
Intl.Pac.Secs.(Inc.)	HK$13.36	.....	—
Do. (Accum.)	HK$13.54	.....	—

NAV Dec. 29. *Equivalent $US86.44. Next sub. day January 15.

30, Gresham Street, EC2. 01-600 4555				
Cnv. Int. Jan. 12	US$9.56		+0.02	—
Eng. Int. Jan 12	US$18.49		+0.08	—
Gr.St.$Fd. Dec. 29	$US7.68		.....	—
Merc. Ebd. Jan. 3	US$10.32	10.44	.....	0.29%
Merc.MnyMkt.Jan.8	£10.26	10.27	.....	—
Warburg Invest. Mngt. Jrsy. Ltd.				
1, Charing Cross, St. Helier, Jsy.C1 0534 73741				
CMF Ltd. Dec. 28	$US14.25	14.61	.....	—
CMT Ltd. Dec. 28	£14.25	14.62	.....	—
Metals Tst. Dec. 21	£13.17	13.49	.....	0.67
TMT Jan. 11	US$10.66	10.94	+0.28	—
T.M.T. Ltd. Dec.14	£10.57	10.84	+0.29	—
World Wide Growth Management♦				
10a, Boulevard Royal, Luxembourg				
Worldwide Gth Fd	US$15.83		+0.09	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

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Financial

FOREIGN BONDS & RAILS

1978-79 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly...	22	......	—	—
41	33	Do. 5pc Pref......	40	......	—	—
98	98	Chilean Mixed......	98	......	—	f3.10
22	6	Chinese 4½pc 1898	19	......	—	—
35	4½	Do. 5pc 1912......	35	......	—	—
20½	4½	Do. 5pc 1925 Boxer	18	......	—	—
415	350	German Yng. 4½pc.	415	......	4½	—

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 46¼% (based on US$1.9930 per £)
Conversion factor 0.6820 (0.6966)

CANADIANS

S.E. List Premium 46¼% (based on $2.3687 per £)

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CHEMICALS, PLASTICS—Cont.

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OPTIONS - 3-month Call Rates

Industrials		I.C.I.	20	Tube Invest.	30
A. Brew	6½	"Imps"	6	Unilever	35
A.P. Cement	18	I.C.L.	28	Utd. Drapery	7½
B.S.R.	9	Inveresk	8	Vickers	15
Babcock	11	KCA	3	Woolworths	5
Barclays Bank	25	Ladbroke	17		
Beecham	35	Legal & Gen.	14	**Property**	
Boots	15	Lex Service	7	Brit. Land	3¼
Bowaters	16	Lloyds Bank	22	Cap. Counties	4½
B.A.T.	24	"Lofs"	4	E.P.	5
British Oxygen	6	London Brick	5	Intreuropean	4
Brown (J.)	20	Lonrho	5	Land Secs.	16
Burton 'A'	12	Lucas Inds.	25	MEPC	12
Cadburys	5	Lyons (J.)	10	Peachey	8
Courtaulds	10	"Mams"	7	Samuel Props.	9
Debenhams	8	Mrks. & Spncr	10	Town & City	1¼
Distillers	15	Midland Bank	25		
Dunlop	7	N.E.I.	12	**Oils**	
Eagle Star	11	Nat. West. Bank	22		
E.M.I.	14	Do. Warrants	10	Brit. Petroleum	45
Gen. Accident	17	P & O Dfd.	8	Burmah Oil	5
Gen. Electric	18	Plessey	8	Charterhall	3
Glaxo	40	R.H.M.	5	Shell	28
Grand Met.	9	Rank Org. 'A'	18	Ultramar	28
G.U.S. 'A'	20	Reed Intnl.	12		
Guardian	18	Spillers	3	**Mines**	
G.K.N.	22	Tesco	4	Charter Cons.	12
Hawker Sidd	20	Thorn	22	Cons. Gold	14
House of Fraser	12	Trust Houses	15	Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

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FINANCIAL TIMES
Tuesday January 16 1979

Offices To Let
Consult Weatheralls

Shah may leave Iran today

By Andrew Whitley and Anthony McDermott in Tehran

THE SHAH'S long awaited departure from Iran is expected today.

He will hold what may be his last news conference in Iran this morning, and leave after the Parliamentary vote of approval for the Government of Dr. Shahpour Bakhtiar, the Pime Minister.

The Senate, the Upper House of Parliament, yesterday voted by 38 to 1 to approve the Government. The Shah has insisted that the process of approval should follow the letter of the constitution.

This leaves only the Majles, the Lower House, whose debate on the Government looks almost certain to be wound up today.

The Shah is expected to fly to Egypt, then to the Holy Moslem shrines at Mecca in Saud Arabia and Kerbala n Iraq. He will then visit Morocco before reaching the U.S. It has been confirmed in Egypt that the Shah is expected to visit Aswan.

Evening papers reported General Abbas Garabaghi, the chief of the general staff, as saying that the army would not stage a coup d'etat after the Shah had left. Anybody who acted otherwise would face charges of mutiny.

The general agreed with Ayatollah Khomeini, the exiled Iranian religious leader, that the army and the people should not be pitted against each other. He said the country was facing civil war, and its enemies were trying to undermine the cohesion of the army for their own ends.

The nine-member regency council, which is to stand in for the Shah during his absence, held its first unofficial meeting under the chairmanship of Dr. Bakhtiar on Saturday, it was learned yesterday.

The news that Ayatollah Khomeini has set up an "Islamic Revolutionary Council," in preparation for a transition Government, has caused some concern about the nature of the Islamic republic he intends to set up.

Meanwhile, the Tehran newspaper, Kayhan, reported that Mr. Martin Berkowitz, a former U.S. Air Force colonel, was killed on Sunday night in the south-eastrn city of Kerman.

● Prince Fahd of Saudi Arabia yesterday watched the first fly-past of a squadron of U.S. F-15 jets sent to demonstrate U.S. concern for his country's security in the wake of continuing turmoil in neighbouring Iran.

Editorial Comment, Page 20

Weather

UK TODAY

DULL and misty with rain or drizzle in the North.

London, S.E., Cent. S. England, W. Country

Fog patches. Bright intervals. Rain in places. Max. 9C (48F).

E. Anglia, Midlands, E. Coast, S. Wales

Fog patches. Rain, clearing later. Max. 8C (46F).

Channel Islands

Mainly dry. Bright or sunny spells. Max. 6C (43F).

N. Wales, N.W. and N.E. England, Lakes

Rain at first. Hill fog. Scattered showers. Max. 6C (43F).

I. of Man, Scotland, Ulster

Frost early and later. Sunny intervals. Max. 4C (39F).

Outlook: Becoming colder with widespread frost.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amsdm.	S	0	32	Luxmbg.	Fg	—7	19
Athens	F	8	46	Madrid	C	7	45
Bahrain	S	21	70	Mnchstr	C	5	41
Borclna.	F	11	52	Melbne.	C	19	66
Beirut	S	18	64	Mex. C.	S	18	64
Belfast	C	8	46	Mntreal.	S	—15	5
Belgrd.	Sn	—2	28	Moscow	C	—10	14
Berlin	Sn	—1	30	Newcstl	C	2	36
Bmghm.	C	5	41	Munich	Sn	—5	23
Bristol	C	7	45	N. York	S	—4	24
Brussels	S	—3	27	Oslo	S	—11	12
Budpst.	F	0	32	Paris	C	2	36
B. Aires	C	30	86	Perth	C	22	72
Cairo	S	24	74	Prague	C	—3	27
Cardiff	Fg	7	45	Reykjvk.	S	—3	27
Chicago	C	—15	5	Rio J'o	S	28	82
Cologne	S	—5	23	Rome	S	6	43
Cpnhgn.	S	—2	28	Singapr.	S	28	83
Dublin	C	11	52	Stckhm.	Sn	—3	27
Edinbgh.	C	6	43	Strasbg.	C	—5	23
Frankfz.	Sn	—6	21	Sydney.	H	25	77
Geneva	S	—2	28	Tehran	S	1	34
Glasgow	C	6	43	Tel Aviv	F	18	64
Helsinki	C	—2	28	Tokyo	C	9	47
H. Kong	C	11	51	Toronto	Sn	—6	20
Jo'burg	S	25	77	Vienna	C	—1	30
Lisbon	F	11	52	Warsaw	C	—2	28
London	C	7	45	Zurich	S	—10	14

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	10	50	Jersey	F	5	41
Algiers	S	15	59	L. Plms.	R	17	63
Biarritz	C	5	41	Locarno	S	6	43
Blackpl.	C	4	39	Majorca	C	11	52
Bordx.	S	6	43	Malaga	F	16	61
Boulgn.	C	2	36	Malta	S	8	46
Cas'b'ca	F	19	66	Nairobi	S	23	74
Cape T.	C	22	72	Naples	F	7	45
Corfu	F	8	46	Nice	S	8	46
Dbrvnk.	F	4	39	Nicosia	F	16	61
Faro	C	17	63	Oporto	F	14	57
Florence	S	4	39	Rhodes	C	10	50
Funchal	F	18	64	Salzbrg.	Sn	—3	27
Gibrltr.	C	15	59	Tangier	S	17	63
G'rnsey	C	5	41	Tenerife	C	13	55
Innsbrk.	F	—2	28	Tunis	C	9	48
Invrnss.	C	5	41	Valencia	C	12	54
I.o.Man	C	9	48	Venice	S	6	43
Istanbul	C	4	39				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. H—Haze.

Farm output up 5.5% but real income falls

BY CHRISTOPHER PARKES

BRITISH FARM output rose 5.5 per cent last year as the weather returned to normal after the drought years.

Net incomes, however, fell 11 per cent in real terms compared with a rise of 2 to 3 per cent for the country as a whole, according to the Annual Review of Agriculture White Paper published yesterday.

The average figures conceal wide variations within the industry and great differences between regions.

In England, for example, specialist dairy farmers' incomes increased 36 per cent. On general arable farms, on the other hand, income fell by an average of 57 per cent, mainly because of the collapse of potato prices.

In Scotland, which was particularly badly hit by the low prices for potatoes, incomes slumped 33 per cent in money terms. In England, the decline was only 7 per cent and in Northern Ireland 9 per cent.

In Wales, however, where farmers concentrate on livestock enterprises, incomes rose 16 per cent.

A disappointed Sir Henry Plumb, president of the National Farmers' Union, commented: "Better weather conditions helped all of us, consumers, farmers and the balance of payments. But I' mafraid 1978 was still not a good year for the UK farming industry."

He estimated that at current import prices the extra home production of temperate foodstuffs saved the country's balance of payments more than £350m over the year.

"£1m a day import saving is not a bad achievement — it's about half the improvement in the oil balance in 1978," he said.

"We hear a great deal about the contribution that North Sea oil is making but we don't always hear from the Government more of the effects that farmers have had."

Investment rise

Investment in farms rose 16 per cent in money terms or 2.5 per cent in real terms, after a standstill during 1977.

The volume invested in plant, machinery and vehicles went up 2 per cent while spending on buildings and major works such as drainage rose 5 per cent on average, indicating a measure of confidence in the longer-term future.

Still, Sir Henry said, the investment in long-term projects was still well below the level needed to sustain the industry and aid expansion.

Poor profitability overall led to a big increase in bank borrowing, he added. Total bank lending to agriculture during the year was estimated to have risen £375m to £1,670m.

To right matters he called for "an immediate and substantial" devaluation of the "green pound." This artificial currency which is used to translate EEC "common" farm prices into sterling is 30 per cent overvalued compared with sterling.

Milk production last year rose about 4 per cent, mainly as a result of farmers' improving efficiency. Mutton and lamb output increased 8 per cent and the slide in pork production was halted during the year.

The cereal yield was a record 17.4m tonnes and 1m tonnes of white sugar is expected to be produced from the sugar beet crop.

Spending under the Common Agricultural Policy jumped sharply from £185m in 1977-78 to an estimated £293m in 1978-1979.

The increase was due mainly tto increases in the subsidies paid on skimmed milk powder for animal feed and subsidies for exports of surplus commodities to non-Community countries.

Agriculture in 1978, Page 31
Editorial Comment, Page 20

Italians buy Colston domestic appliance division

By John Lloyd

THE COLSTON Group is selling its domestic appliances division to the Merloni Group, one of the largest manufacturers of electrical household appliances in Italy.

Colston's domestic appliance division, which is best known for its dishwashers, showed a profit of £150,000 on a turnover of around £12m last year—around half the group's total sales. On this basis, the sale price for the division is thought to be around £1m.

Merloni intends to expand production at Colston's manufacturing base at Aycliffe, County Durham. It is thought it will eventually establish a new production plant in the UK.

Mr. Michael Colston, the group's chairman, said that the money from the deal would be used, partly, to expand the activities of two subsidiary companies, Tallent Engineering of Darlington and ITS Rubber of Petersfie d1 T.ehmyamshrdlumewf field. They manufacture a variety of products including car products and rubber mouldings.

Competition

Mr. Colston said: "With the advent of the Common Market, competition has intensified, and it has become even harder for the small and medium-sized manufacturer to make a living in the white goods industry."

Merloni has assured the employees of the domestic appliance division that the transaction will bring no redundancies. Mr. Alan Laken, Colston's managing director, will continue to run the company for Merloni.

Samuel Montagu, which advised the company on its European acquisition programme, said that it had planned to expand for some time.

The Italian company is based in Fabriano, Italy, and has smaller production plants in Belgium and Portugal.

Current account surplus at peak for year

BY DAVID FREUD

BRITAIN'S current account swung back into the biggest surplus of the year in December. The turn-round meant there was a slight surplus for last year as a whole, rather than the expected small deficit.

The December surplus was £246m, following a deficit of £66m in November. About a third of the improvement was due to special factors.

The year ended with a surplus of £109m on the current account, well down on the £406m of 1977, but better than the Treasury forecast of a £250m deficit, made in November. It contrasts sharply with the surplus of £1.5bn projected at the end of 1977.

The announcement of the figures made little impact on sterling, which closed at $1.9930, down 30 points from Friday's colse. The trade-weighted index was unchanged at 63.3, after falling to 63.0 in the morning.

The underlying improvement in December, once movements in erratic items — mainly precious stones—trade in oil and the impact of the Ford strike have been removed, was about £206m.

Erratic items accounted for £151m of the overall improvement, although a deterioration in the oil account of £27m worked in the opposite derction. The Ford strike is estimated to have caused a deterioration of £70m last month, compared with £50m in November.

The biggest element in the underlying change was a fall in food imports of about £100m, reversing an equivalent gain in November. Imports of semi-manufactures also fell over the month.

BALANCE OF PAYMENTS
£m (seasonally adjusted)

	Visible trade	Invisibles	Current account
1978	—1,104	+1,213*	+109*
1st	—635	+229	—406
2nd	—175	+308	+133
3rd	—334	+316	— 18
4th	+ 40	+360*	+400*
July	—150	+105	— 45
Aug.	+ 49	+106	+152
Sept.	—233	+105	—128
Oct.	+100	+120*	+220*
Nov.	—186	+120*	— 66*
Dec.	+126	+120*	+246*

* provisional

Source: Department of Trade

While the deficit on visible trade fell by 35 per cent last year compared with 1977, there was a big decline in the surplus on invisibles—of £902m to £1.21bn.

The causes of the fall in the invisibles surplus included an increase in contributions to the EEC and declines in the travel and shipping balances.

The decline in invisibles was partly offset by the oil balance, which improved by £785m between 1977 and last year to a £2bn deficit. However, the non-oil balance deteriorated by £180m to a surplus of £915m.

The terms of trade, which ran strongly in Britain's favour for most of last year, due to relatively stable sterling and falling world commodity prices, helped create the overall surplus. The value of exports rose by 9 per cent—twice as fast as the value of imports.

Imports of basic materials were slightly down over the year, while semi-manufacturers—excluding precious stones—rose by 16 per cent in volume terms. Imports of finished manufactured goods rose 16.8 per cent in volume terms, excluding erratic items.

Export volume rose by 3½ per cent in the year, or by 5½ per cent once erratic items are excluded. This suggests that Britain maintained the higher share of world trade it won in 1977. Within the total, food exports rose 20.5 per cent, fuel 27 per cent and basic materials 11 per cent.

Visible trade was in surplus in the October to December period for only the second quarter since 1971. The £40m surplus compares with a deficit of £334m in the July-September quarter.

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Retail spending close to record

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SPENDING in the shops was at near record levels last month and is expected by the retail trade to hold up strongly in the first half of this year.

The index for retail sales volume in December was 113 (1971=100), according to the seasonally adjusted provisional estimate published yesterday by the Trade Department. This was 2.8 per cent higher than in November and 5.7 per cent more than a year earlier.

RETAIL SALES

		Volume, seasonally adjusted (1971=100)	Value, unadjusted percentage change against a year earliar
1977	1st	103.3	+14
	2nd	102.5	+13
	3rd	104.3	+15
	4th	104.4	+13
1978	1st	706.3	+13
	2nd	108.0	+15
	3rd	110.8	+15
	4th	111.0*	+14*
Sept.		109.5	+13
Oct.		109.6	+14
Nov.		109.9	+13
Dec.		113*	+14*

* provisional

Source: Department of Trade

Spending in December, especially just before Christmas, was well above the level of the previous three months. It seems to have been boosted by the tax-free bonus for pensioners (around £100m) and by the backdated reduction in income tax, with rebates of roughly £250m in late November.

The volume of sales last month has been exceeded only twice before, in March 1973 and April 1975, both times when spending was artificially boosted in anticipation of an increase in indirect taxes.

The high December level of retail sales—accounting for slightly more than half of all consumer spending — suggests that the sluggish trade of the autumn did not signal a turning point for domestic demand. Nevertheless volume in the fourth quarter of last year was only slight! yhigher than in the previous three months.

Spending in 1978 as a whole was 5.2 per cent higher than the average level of trade in the previous year. In current prices, this represents a 14 per cent increase in the value of sales, or around £5.2bn up to £42.3bn.

The initial bullish reports on the special January sales suggest that volume might be sustained this month but the position has now been confused by the current industrial disputes.

The Retail Consortium, whose members cover the whole trade, expects that spending in the first half of this year should hold up at around the level of the last six months, though it does not expect 1979 as a whole to be as buoyant as last year.

Spending in the second half could be squeezed if, or rather when, the rate of price inflation catches up with the higher level of pay settlements, especially as there is unlikely to be any boost from income tax cuts as in the last two years.

There is, however, controversy among economists about the impact of a rapid growth in earnings—in particular the balance between any initial boost to consumer spending compared with the possibility that concern about faster inflation will lead to an even higher level of personal saving.

Many economists would now favour the latter view, suggesting that spending might be less buoyant later in 1979 if the rate of retail price inflation rises.

Continued from Page 1

Drivers defy call

spite of the union's dispensation on medical supplies. Raw materials supplies have been cut off in some cases, although Boots said pickets were allowing medical supplies out of its factories.

Another priority area, the food and animal feed industries, was also still being hit by picketing, and representatives of feed producers are to meet the Agricultural Minister this morning.

Government claims that 80 per cent of food supplies are being delivered normally have been rebutted, and there were reports of harrassment of food lorries by pickets at factories, shops and docks. Some supermarkets are short of butter, margarine and sugar, and imports of bacon and butter have been badly hit.

Two-day strike will shut Italian bourses

By Rupert Cornwell in Rome

THE MILAN bourse and other Italianstock exchange will be closed tomorrow and Thursday as the country's 227 stockbrokers stage a two-day strike.

The stoppage, the first by dealers since 1968, reflects the intense bitterness of the securities industry at what it considers complete neglect and indifference on the part of the government, culminating in last month's nomination of the Rome impresario Sig. Bruno Pazzi to Consob, the regulatory agency for Italian stockmarkets.

The strike was called in spite of government pressure to bring forward the long-delayed draft Bill that would provide a new framework for securities trading.

Consob's staff yesterday began a separate stoppage, which will continu today, in protest at the continued failure of the authorities to give adequate powers to the agency which was created 3½ years ago.

Sig. Filippo Forti, president of the national brokers association gave a warning that the strike would be the first step in a lengthy campaign if nothing were done speedily to put matters right.

In a telegram to Sig. Giulio Andreotti, the Prime Minister, who is widely credited with promoting the surprise choice of Sig. Pazzi, to Consob, Sig. Forti set out the many demands of the broking industry.

These include special tax incentives to induce investors to put up risk capital, and measures to ensure that key transactions in quoted companies go through the bourse, instead of being—as is now frequently the case—conducted outside the market.

The stockbrokers want, too, a reformed and strengthened Consob that would genuinely protect the interests of small savers, and a clear pledge from the government that it recognises the "indispensable" role of the stock markets in plans to strengthen company finances.

They have also strongly criticised the proclaimed intention of Sig. Filippo Maria Pandolfi, the Treasury Minister, to come up with another draft bill to reform Consob. This would result only in still more delay before anything was done, Sig. Forti declared.

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THE LEX COLUMN

Dutch assault on EPC's accounts

English Property Corporation's accounts come in for some very unkind words in the formal bid documents from Wereldhave, the Dutch property investment company. There are two main reasons. The first is that the UK company's balance sheet provides plenty of scope for knocking copy, and the second is that Wereldhave's cash bid of £40m compares with net tangible assets put at over £97m in the most recent balance sheet.

EPC has 23,000 small shareholders—about the only big institutional holder being Eagle Star, with 27 per cent. Somehow or another, they have to be persuaded that the company's last accounts were hopelessly over optimistic.

The first step is to knock out a £33m shortfall in the value of EPC's Brussels properties, which was acknowledged in the accounts but not taken into the balance sheet. Even this related to the proptries when fully let—which they are not, by a long shot. In addition Wereldhave suggests thatbig losses—say £15m—will be incurred on the UK development portfolio, and that reserves will have been further punished in the year to last October by a revenue deficit of £8m and currency losses of another £8m.

On that basis net assets drop to roughly £33m—and Wereldhave looks like a philanthropist. EPC thinks otherwise, and will be publishing a full revaluation in its forthcoming defence document. It has enormous financial gearing, with a property portfolio of over £700m at the last count, so it will only take a small uplift in gross values to undermine the Dutch company's figures.

But EPC will need to do more than this to keep its independence. Getting back to financial equilibrium is going to take time and money, and it is arguable that its dividend policy in the past has been much too liberal. The shares stand at 40p—just 3p above the offer price—and if Wereldhave is willing to be a bit more generous then a bird in hand may well look to be worth two on the development site.

A final thought: Wereldhave's share price is close to its net asset value, and to finance this bid it expects eventually to double its equity base without damaging its market price. Dutch investment managers are plainly very keen to get a stake in property outside their own country.

In the tramlines

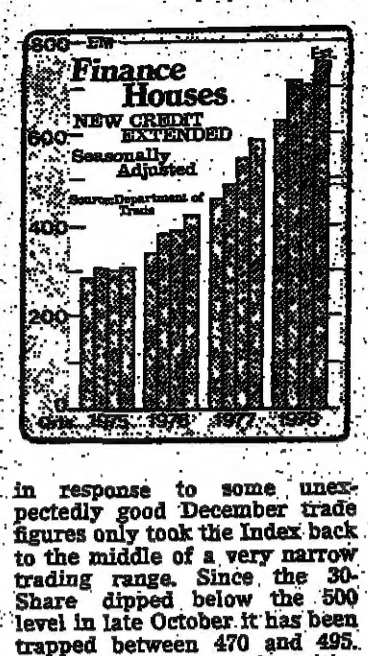
Yesterday's spurt of 8.1 points in the FT 30-Share Index in response to some unexpectedly good December trade figures only took the Index back to the middle of a very narrow trading range. Since the 30-Share dipped below the 500 level in late October it has been trapped between 470 and 495. The FT Government Securities Index has also traded very narrowly for the past few months—but yesterday it eased below the November 10 low-point and at 67.57 now stands at a level last seen in July 1977. Gross redemption yields currently go as high as 13¾ per cent at the long end.

The December trade figures come as a welcome bonus to the market's confidence, though much of the swing from November represents fluctuations in trade in precious stones. For the whole of 1978 the trade figures have shown large jumps from surplus to deficit in alternate months, and the underlying picture remains one of rough balance on current account.

It is the December retail sales figures, however, which help to explain why equities are holding up a little better than gilt-edged. Retail sales volume, perhaps boosted by tax rebates and the pensioners' Christmas bonus, jumped some 3 per cent above the level of the plateau established last summer and maintained through the autumn. Signs of renewed buoyancy in the economy are highly unwelcome to a Government bond market preoccupied with inflationary worries. But it looks as though equities can at least look forward to some healthy profit figures from the stores sector.

Short term factors like this are not, however, going to influence the market for long. What has been keeping the stock market in the tramlines

Index rose 8.1 to 482.8



for the past few months has been a combination of political uncertainty and healthy institutional cash flows. Brokers Kemp-Gee, for instance, suggest that institutional cash balances (including these of investment and unit trusts) rose £1bn to £4.3bn during 1978—the highest figure since 1974. Yet in percentag teerms that still leaves the institutions less than half as liquid as four years ago.

Which way the equity market moves out of the current trading range could be of more than usual significance. If the near future brings a series of major pay settlements around 15 per cent, combined with Government moves to tighten price controls then the break is likely to be downwards.

Finance Houses

In the three years between 1974-75 and 1976-77, the pre-tax profits of Forward Trust, Midland Bank's instalment credit subsidiary, rose at a steady rate of around 40 per cent per annum. In the year to October 1978, they rose by a mere 3 per cent to £14.6m.

This sudden slowdown in profits growth is all the more puzzling since the installment credit business is booming at the moment. In 1978 new credit extended by the finance houses rose by around a third. Recent results from Forward Trust's competitors indicate that they are have a whale of a time. Mercantile Credit (Barclay's finance subsidiary) reported a rise of 81 per cent in pre-tax profits for the year to end September 1978 and Lombard North Central part of Nat West, reported a 68 per cent rise in pre-tax profits for the same period.

Forward Trust agures that crude comparisons with Mercantile Credit and Lombard North Central are not very fair since these two houses are benefiting from the large recovery potential in their profits. In addition the bulk of Midland Bank's lucrative leasing business is channelled through subsidiaries other than Forward Trust—unlike the other two.

Even so, Forward Trust's performance looks pedestrian by comparison with Lloyds and Scottish, which recently reported a 50 per cent jump in profits. The latter has little recovery potential and for tax reasons it cannot put on as much leasing busines at it might like. So there must be another explanation—perhaps Forward Trust has been bidding for expensive long-term money so as not to run into problems with the corset?

This announcement appears as a matter of record only

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